Small Business Momentum Survey

NSW GOVERNMENT

Small Business Commissioner

August 2025

Overview

The NSW Small Business Commission (the Commission) regularly engages with small businesses across the State through the monthly Momentum Survey. This report summarises key insights, trends and data from the survey conducted in August 2025.

Small business confidence stabilised between July and August, remaining at 27 per cent and sustaining the improvement observed in the previous month. Confidence levels remain subdued amid challenging trading conditions.

Businesses continue to cite rising input costs, uneven customer demand, compliance burdens, cash flow challenges, staff shortages, climate impacts and global instability as factors weighing on confidence.

Expectations about profitability also stabilised between July and August, with 13 per cent of businesses expecting an increase over the next three months, unchanged from July.

The Momentum Index, a measure of underlying business trends, rose by 5.1 points to 104.0, entering expansionary territory for the first time since February 2025. This increase was driven by stronger results in the recent and near-term business performance components of the Index.

The online survey was completed between 1 and 31 August, with more than 500 small businesses across NSW responding.

	Previous month
Confidence 27 per cent of businesses indicated they were confident about their individual business prospects.	=
Concerns 87 per cent of businesses indicated they were concerned about the cost of business inputs.	↑
Momentum* The Momentum Index increased by 5.1 to 104.0 points.	↑
Staff 39 per cent of businesses with plans to expand are looking to hire additional staff.	↓
Expansion 32 per cent of businesses indicated they have plans to grow, alter or expand operations.	↑
Profitability 13 per cent expect profitability to increase, compared to 37 per cent expecting a decline.	=
Revenue 17 per cent expect revenue to increase, compared to 30 per cent expecting a decline.	↑
Local economy 16 per cent of businesses indicated they were confident about their local economy.	↑

"Operating costs are now unsustainable and if we do not sell the business, we will be forced to close. Increasing compliance burdens are placing immense pressure on our business."

***See pages 5 & 9 for more information on the Momentum Index.**

Business conditions

Business conditions were mixed in August, with recent and near-term performance indicators improving or stabilising, while concerns about input costs increased.

The proportion of businesses exploring new ways to grow, adapt or expand their operations rose in August, increasing by two percentage points to 32 per cent, one percentage point below the series average. Among businesses with expansion plans, the proportion intending to hire additional staff declined significantly, falling 10 percentage points to 39 per cent, well below the series average of 48 per cent. The business expansion activity series continues to show volatility in 2025, potentially reflecting broader economic uncertainty and changing compliance obligations.

The percentage of businesses expecting a near-term revenue increase improved in August, with 17 per cent anticipating growth over the next three months, up one percentage point from July.

Confidence

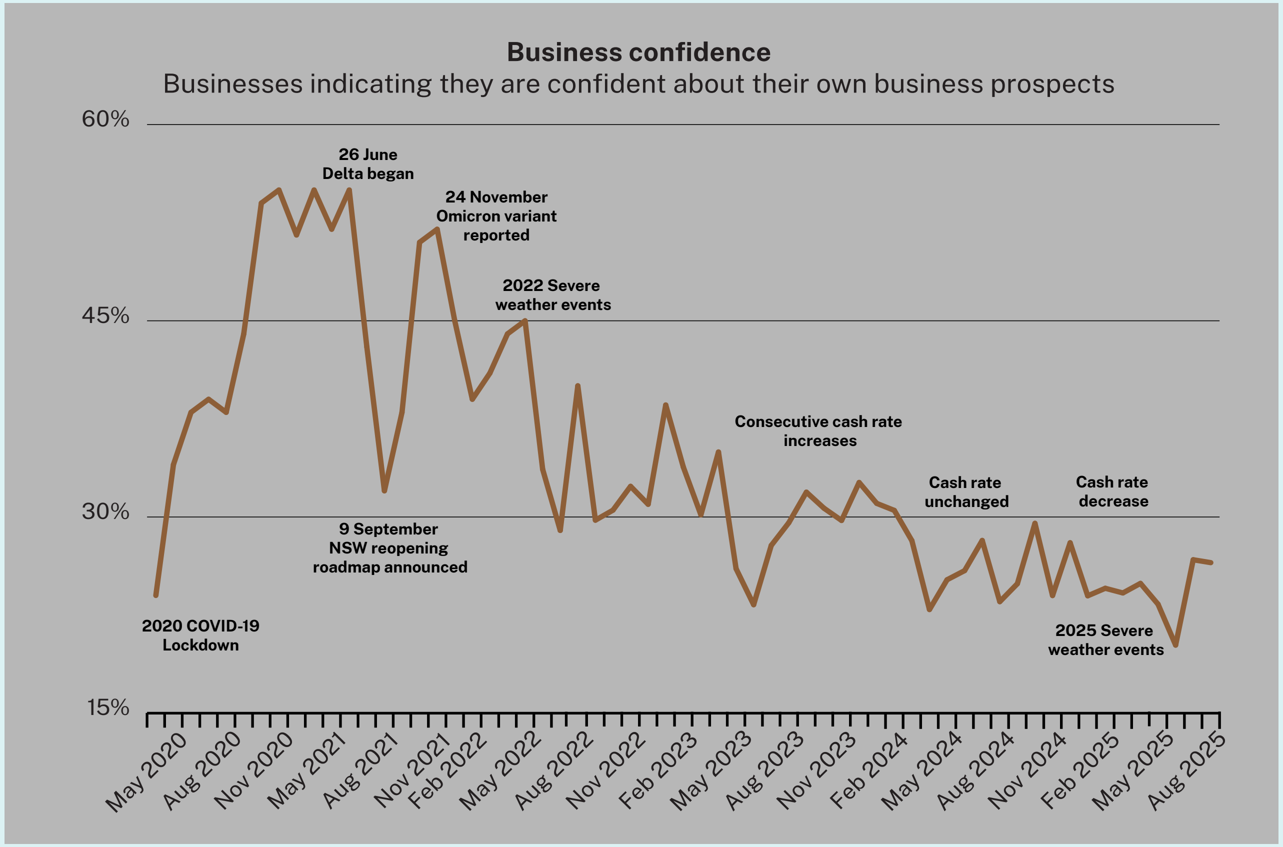
Small business confidence stabilised in August, remaining at 27 per cent. Employing small businesses were significantly more confident in their individual prospects than their non-employing counterparts (30 per cent compared with 20 per cent).

Business performance

Business performance indicators improved between July and August, with more businesses anticipating increased revenue and expectations of higher profitability stabilising. A significantly higher proportion of businesses anticipate a decline in revenue and profitability compared to those expecting an improvement.

The business environment

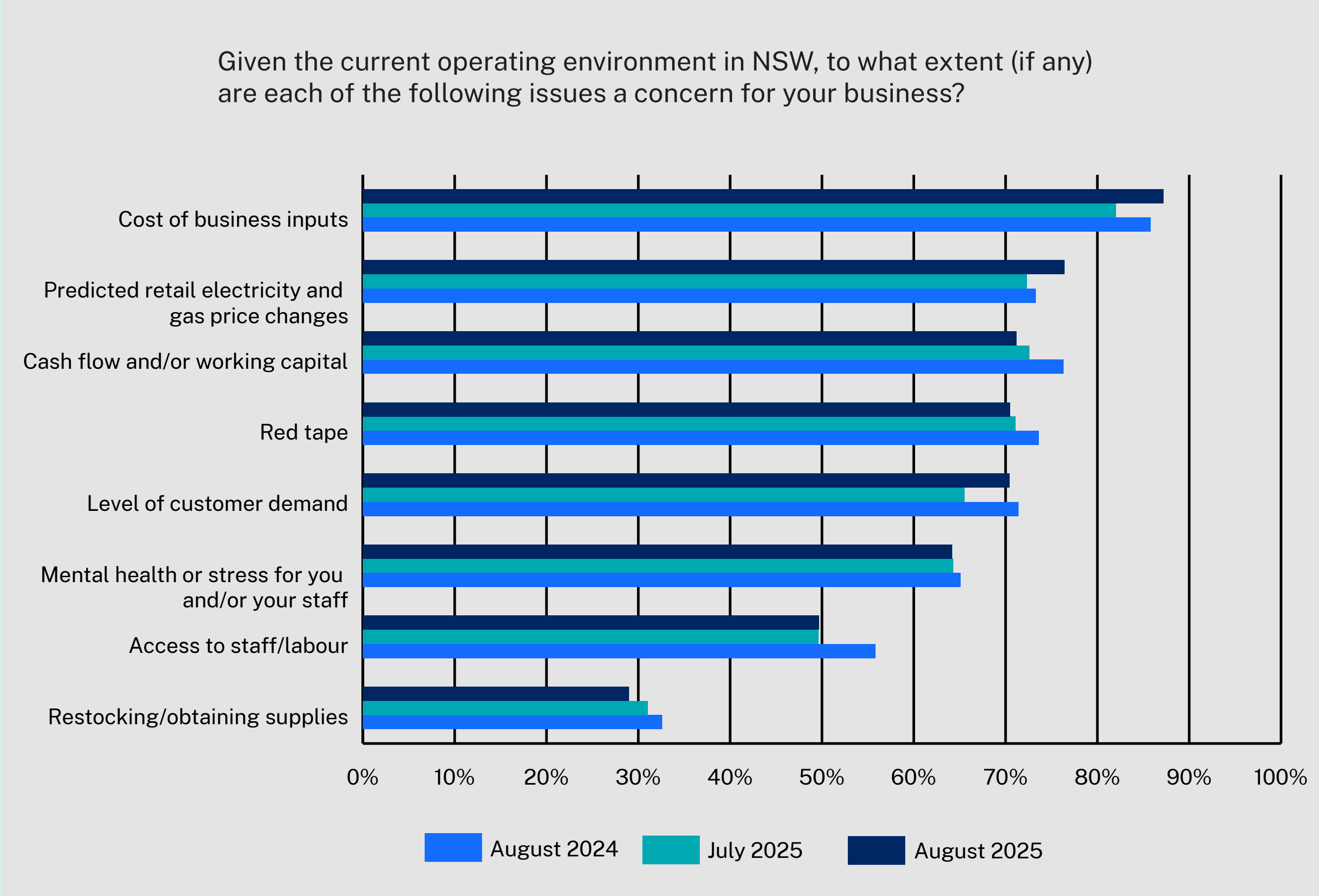
The cost of business inputs remains the top concern for small businesses, with 87 per cent expressing concern, four percentage points above the series average. The next most cited concerns were predicted retail electricity and gas price changes (76 per cent), followed by cash flow and the availability of working capital (71 per cent).



Business conditions

"The main concern is the slowdown in spending, from both other businesses and our clients, which is creating a flow-on effect. At the same time, the pressure of meeting higher wage expectations while keeping staff satisfied is an added challenge."

Business concerns

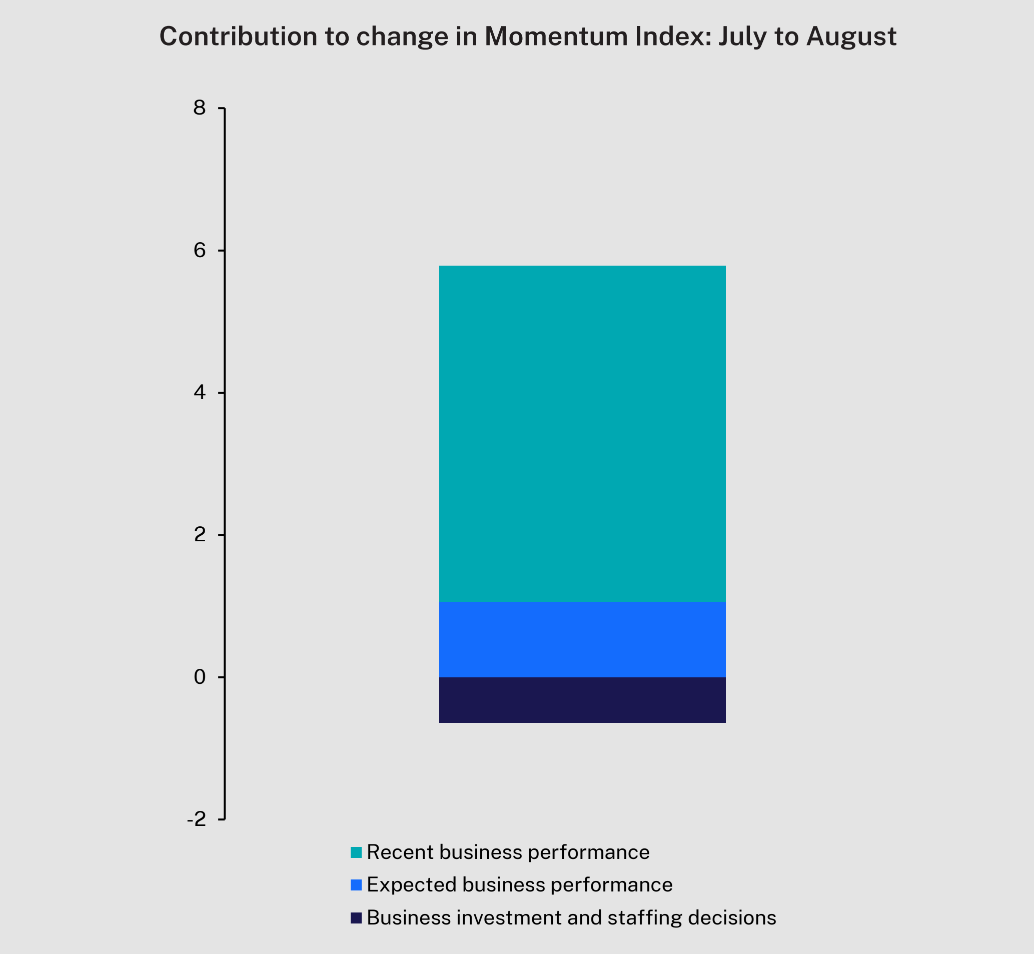


Momentum in Focus

The Momentum Index is a composite measure that tracks key business performance metrics to identify critical turning points in underlying trends. In August, the Index rose by 5.1 points, entering expansionary territory for the first time since February 2025 after five consecutive months in contractionary territory.

The improvement in the August Index was driven by stronger performance in the recent and near-term businesses performance components compared to July.

- **Business investment and staffing decisions (-0.6%)** detracted from the Index. While the proportion of businesses planning to purchase or rent additional plant and equipment increased, this was more than offset by a sharp decline in those intending to hire additional staff.
- **Expected business performance (+1.1%)** had a positive impact, with modest increases in predicted profitability (+0.5%) and revenue (+0.5%).
- **Recent business performance (+4.7%)** was the leading contributor to the Index, with increases in recent profitability (+2.6%) and revenue (+2.1%).



Detailed results

Confidence

	Confidence – in own business prospects#		Confidence – in local economy#	
	August 2025	July 2025	August 2025	July 2025
Extremely confident	↑ 5.3%	5.1%	↓ 0.3%	2.0%
Fairly confident	↓ 21.2%	21.6%	↑ 15.3%	13.0%
About the same	↑ 27.5%	27.0%	↓ 32.2%	35.2%
Fairly worried	↓ 26.7%	29.6%	↑ 35.6%	35.3%
Extremely worried	↑ 19.3%	16.6%	↑ 16.5%	14.5%
Extremely or fairly confident	↓ **26.5%**	**26.7%**	↑ **15.7%**	**15.1%**

Business size	n	% sample	Confidence*	Previous month
Non employing	203	35.5%	19.9%	↓
1 – 4 employees	186	32.5%	31.3%	↑
5 – 19 employees	137	24.0%	26.2%	↑
20 – 199 employees	46	8.0%	39.9%	↓
Total	**572**	**100.0%**	**26.5%**	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	302	53.4%	26.7%	↓
Regional and Rural NSW	264	46.6%	26.8%	↑
Total	**566**	**100.0%**	**26.5%**	↓

#Confidence figures weighted according to industry share of the small business population.

*Confidence figures refer to share of businesses indicating they are confident about their own business prospects. Caution should be taken when interpreting results for categories with a small sample size.

Detailed results

Confidence

Industry	n	% sample	Confidence*	Previous month
Agriculture, Forestry and Fishing	45	7.9%	25.6%	↑
Mining	5	0.9%	0.0%	↓
Manufacturing	39	6.8%	24.3%	↓
Electricity, Gas, Water and Waste Services	6	1.0%	20.0%	↓
Construction	79	13.8%	27.1%	↑
Wholesale Trade	12	2.1%	16.7%	↓
Retail Trade	66	11.5%	13.6%	↓
Accommodation and Food Services	27	4.7%	28.0%	↑
Transport, Postal and Warehousing	20	3.5%	15.8%	↓
Information Media and Telecommunications	21	3.7%	42.9%	↑
Financial and Insurance Services	25	4.4%	37.5%	↑
Rental, Hiring and Real Estate Services	19	3.3%	27.8%	↓
Professional, Scientific and Technical Services	65	11.4%	31.3%	↑
Administrative and Support Services	10	1.7%	40.0%	↑
Public Administration and Safety	2	0.3%	0.0%	N/A
Education and Training	20	3.5%	26.3%	↑
Health Care and Social Assistances	35	6.1%	29.4%	↓
Arts and Recreation Services	11	1.9%	0.0%	↓
Other Services	65	11.4%	23.8%	↑
Total	**572**	**100.0%**	**26.5%**	↓

*Confidence figures refer to share of businesses indicating they are confident about their own business prospects. Caution should be taken when interpreting results for industries with a small sample size.

Detailed results

Revenue and profitability

	Revenue change – Past 3 months#		Revenue change – Expected over next 3 months#		Profitability change – Past 3 months#		Profitability change – Expected over next 3 months#	
	August 2025	July 2025	August 2025	July 2025	August 2025	July 2025	August 2025	July 2025
Increase	↑ 21.2%	14.6%	↑ 17.4%	16.2%	↑ 14.1%	8.2%	↑ 13.2%	12.7%
No change	↓ 37.7%	41.0%	↓ 44.2%	44.7%	↓ 32.6%	35.1%	↓ 40.3%	41.0%
Decrease	↓ 39.9%	42.0%	↓ 29.8%	33.2%	↓ 51.5%	54.4%	↓ 37.3%	40.5%
Unsure	↓ 1.2%	2.4%	↑ 8.6%	5.9%	↓ 1.8%	2.3%	↑ 9.2%	5.8%

#Revenue and profitability figures weighted according to industry share of the small business population.

Business expansion

Plans to grow, alter, or expand business operations?#		
	August 2025	July 2025
Yes	↑ 32.4%	30.3%
No	↓ 53.9%	55.9%
Unsure	↓ 13.7%	13.8%

#Weighted according to industry share of the small business population.

Nature of plans (of those who indicated 'yes')~		
	August 2025	July 2025
We have plans to hire additional staff	↓ 38.9%	48.5%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 36.5%	29.0%
We have plans to establish or expand our online business	↓ 18.9%	30.3%
We have plans to improve the range and/or quality of our products and services	↓ 43.4%	54.9%
Other	↑ 26.0%	20.8%

~Respondents able to select multiple options; weighted according to industry share of the small business population; n=172.

Detailed results

Momentum Index

	Momentum Index	Previous month
February 2024	106.8	↑
March 2024	106.8	=
April 2024	97.9	↓
May 2024	89.1	↓
June 2024	93.2	↑
July 2024	92.8	↓
August 2024	98.4	↑
September 2024	99.7	↑
October 2024	100.8	↑
November 2024	109.3	↑
December 2024	96.1	↓
January 2025	107.4	↑
February 2025	102.4	↓
March 2025	93.0	↓
April 2025	96.0	↑
May 2025	91.0	↓
June 2025	97.9	↑
July 2025	98.8	↑
August 2025	104.0	↑

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.

The Index measures current sentiment and business performance relative to recent levels. A recording above 100 implies businesses are in an expansionary phase and picking up momentum. A recording below 100 implies businesses are in a contractionary phase and slowing down in momentum.

Please contact the Small Business Commission for more information about methodology.

About the Commission

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
Subscribe to our newsletter	smallbusiness.nsw.gov.au/#subscribe

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Methodology

Fieldwork conducted between 1 August to 31 August with 572 respondents. The survey is 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. Smaller sample sizes mean that results for individual industries and other categories should be treated with caution.

Figures may not align with the total percentage as respondents were able to select multiple options for certain questions.

Please contact the Small Business Commission for more information about survey methodology.