Small Business Momentum Survey

NSW GOVERNMENT

Small Business Commissioner

September 2025

Overview

Small Business Commissioner

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 September 2025.

Small business confidence stabilised for a second consecutive month between August and September, remaining unchanged at 27 per cent. Confidence levels remain subdued amid challenging trading conditions. The last time business confidence was above 30 per cent was in February 2024.

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

Expectations about profitability improved between August and September, with 16 per cent of businesses expecting an increase over the next three months, three percentage points higher than in August.

The Momentum Index, a measure of underlying business trends, declined by 1.1 points to 102.9, remaining in expansionary territory for a second consecutive month. This movement was driven by weak results in the business investment and staffing component of the Index.

The survey, conducted between 1 and 30 September, received responses from more than 600 small businesses across NSW.

	Previous month
Confidence 27 per cent of businesses indicated they were confident about their individual business prospects.	=
Concerns 82 per cent of businesses indicated they were concerned about the cost of business inputs.	↓
Momentum* The Momentum Index decreased by 1.1 to 102.9 points.	↓
Staff 32 per cent of businesses with plans to expand are looking to hire additional staff.	↓
Expansion 29 per cent of businesses indicated they have plans to grow, alter or expand operations.	↓
Profitability 16 per cent expect profitability to increase, compared to 37 per cent expecting a decline.	↑
Revenue 23 per cent expect revenue to increase, compared to 27 per cent expecting a decline.	↑
Local economy 17 per cent of businesses indicated they were confident about their local economy.	↑

"Business enquiries are at their lowest ever, even compared to the GFC and COVID-19. Rising costs are eroding profits but customers refuse to pay more."

***See pages 5 & 10 for more information on the Momentum Index.**

Business conditions

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Business conditions improved in September, with recent and near-term performance indicators strengthening and concerns about input costs easing, though still remaining the top concern.

The proportion of businesses exploring new ways to grow, adapt or expand their operations fell in September, decreasing by three percentage points to 29 per cent, four percentage points below the series average. Among businesses with expansion plans, the proportion intending to hire additional staff declined significantly, dropping six percentage points to 32 per cent. This marked a record low and the second consecutive monthly decline, taking it further below the series average of 47 per cent. The business expansion activity series continues to show volatility in 2025, likely reflecting broader economic uncertainty.

The percentage of businesses expecting a near-term revenue increase improved significantly in September, with 23 per cent anticipating growth over the next three months, up 5 percentage points from August.

Confidence

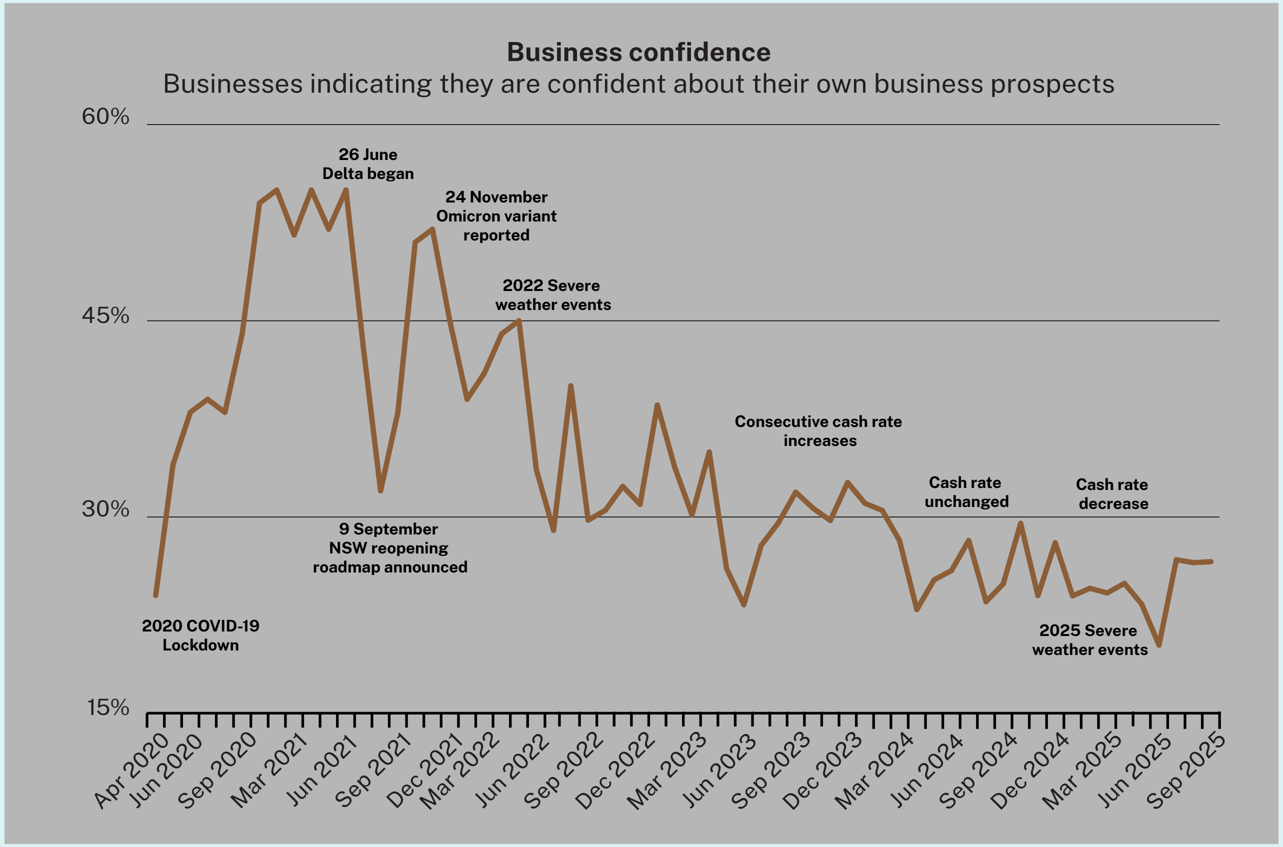
Small business confidence remained unchanged at 27 per cent between August and September. Businesses in regional NSW were significantly more confident about their individual business prospects than their Greater Sydney counterparts (29 per cent compared to 25 per cent).

Business performance

Business performance indicators improved significantly between August and September, with more businesses anticipating increased revenue and profitability over the next three months. A higher proportion of businesses anticipate a decline in revenue and profitability compared to those expecting an improvement.

The business environment

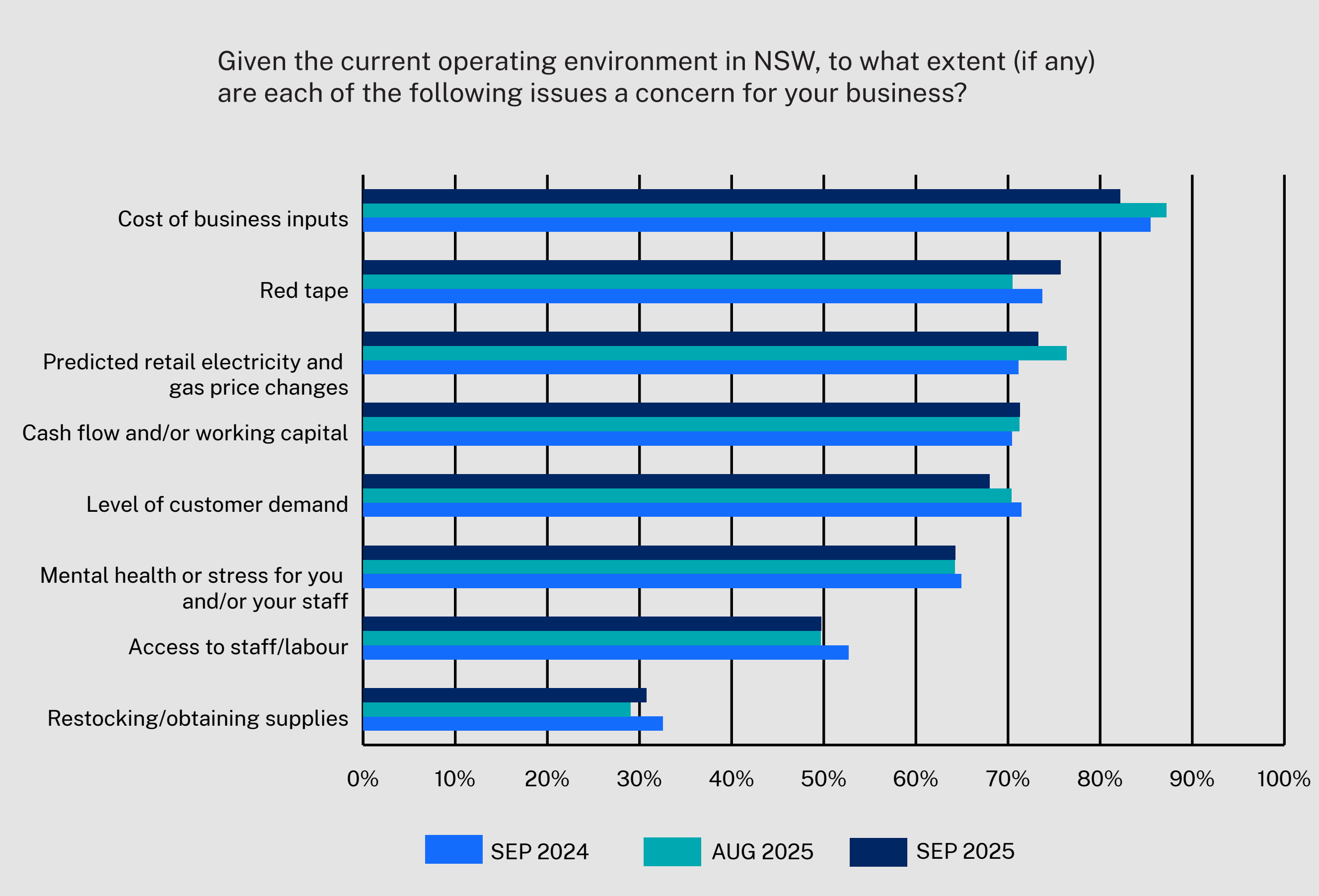
The cost of business inputs remains the top concern for small businesses, with 82 per cent expressing concern, one percentage point below the series average. The next most cited concerns were red tape (76 per cent, a record high) and predicted retail electricity and gas price changes (73 per cent).



Business conditions

“Small businesses are being overwhelmed by global corporations, not only in terms of competition, but also in the essential services we rely on to operate, such as software and advertising.”

Business concerns

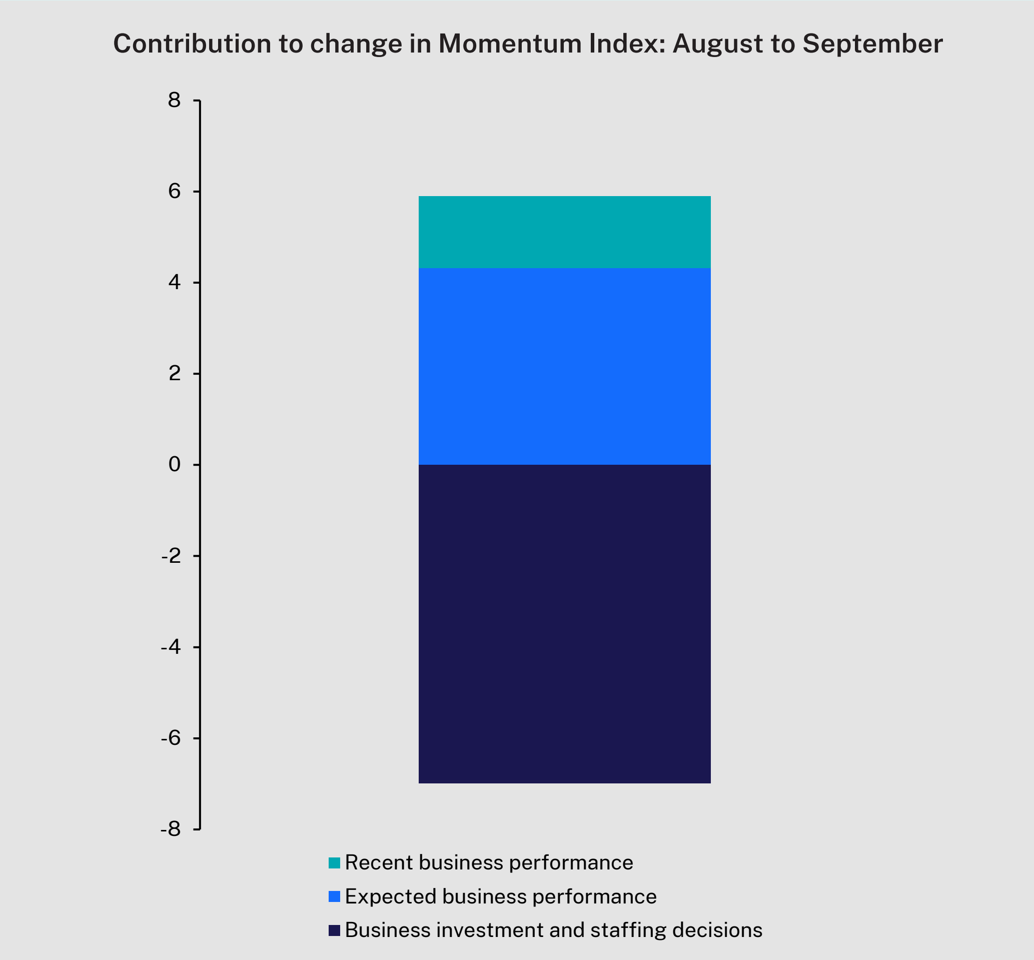


Momentum in Focus

The Momentum Index is a composite measure that tracks key business performance metrics to identify critical turning points in underlying trends. In September, the Index fell by 1.1 points but remained in expansionary territory for a second consecutive month.

The decline was driven by weak performance in the business investment and staffing component, partially offset by strong results in the recent and near-term business performance components.

- **Business investment and staffing decisions (-7.0%)** - detracted from the Index. The proportion of businesses planning to purchase or rent additional property, plant and/or equipment, as well as hire additional staff, declined significantly.
- **Expected business performance (+4.3%)** - was the leading contributor to the index, with increases in predicted profitability (+2.4%) and revenue (+1.9%).
- **Recent business performance (+1.6%)** - also had a positive impact, with modest increases in recent profitability (+1.3%) and revenue (+0.3%).



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“When signing up for a subscription, you are limited in the standards you can access. It’s almost impossible to find a plan that includes everything you need".

Australian Standards

The Commission asked respondents whether they referred to Australian Standards in their business. Two in five businesses (42 per cent) reported needing access to Australian Standards in their operations.

Of those businesses:

- Approximately one in three (32 per cent) reported referring to Standards daily (17 per cent) or weekly (15 per cent), one in four (26 per cent) referred monthly and the remainder rarely (34 per cent) or never (8 per cent).
- Roughly one in three (31 per cent) indicated the cost or limited access to Australian Standards had a very significant or significant impact on their business, creating major barriers to operations or compliance and causing noticeable disruption or additional costs.
- One in five (20 per cent) reported the cost of, or limited access to, Australian Standards prevented their business from complying with a mandated standard.
- Two in five (39 per cent) considered their business to be at risk of non-compliance due to limited or costly access to mandated standards, either on a regular basis (12 per cent), as an ongoing concern or occasionally (27 per cent), arising from time to time.
- The reported average* annual spend on Australian Standards was $1,390.

Businesses also reported challenges when accessing Australian Standards related to:

- **Cost barriers -** The most commonly reported challenge was the high cost of accessing multiple standards, which respondents indicated was particularly prohibitive for small businesses that must comply with many. Respondents consistently suggested making standards free, low-cost or bundled more affordably.
- **Access and availability -** Businesses reported difficulties accessing the right standards, dealing with subscription limits and being unable to share or retain copies. Many suggested standards be made permanently accessible online, similar to legislation, through a central free portal.
- **Complexity and usability -** Respondents highlighted standards are often difficult to read, interpret or navigate, with frequent updates creating confusion. Suggested improvements included clearer plain-English versions, checklists, or simplified guidance tailored directly to industry needs.

**A 10 per cent trimmed mean was used to calculate the average annual spend on Australian Standards, excluding the top and bottom 5 per cent of responses to remove outliers.*

Detailed results

Confidence

	Confidence – in own business prospects#		Confidence – in local economy#	
	September 2025	August 2025	September 2025	August 2025
Extremely confident	↑ 5.5%	5.3%	↑ 2.8%	0.3%
Fairly confident	↓ 21.1%	21.2%	↓ 13.9%	15.3%
About the same	↑ 28.2%	27.5%	↑ 35.0%	32.2%
Fairly worried	↑ 29.3%	26.7%	↓ 33.3%	35.6%
Extremely worried	↓ 15.9%	19.3%	↓ 14.9%	16.5%
Extremely or fairly confident	**↑ 26.6%**	**26.5%**	**↑ 16.7%**	**15.7%**

Business size	n	% sample	Confidence*	Previous month
Non employing	220	34.9%	27.0%	↑
1 – 4 employees	201	31.9%	21.0%	↓
5 – 19 employees	159	25.2%	30.4%	↑
20 – 199 employees	51	8.1%	35.4%	↓
Total	**631**	**100.0%**	**26.6%**	↑

Location	n	% sample	Confidence*	Previous month
Greater Sydney	337	54.0%	24.9%	↓
Regional and Rural NSW	287	46.0%	28.5%	↑
Total	**624**	**100.0%**	**26.6%**	↑

#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	31	4.9%	20.0%	↓
Mining	5	0.8%	0.0%	=
Manufacturing	39	6.2%	19.4%	↓
Electricity, Gas, Water and Waste Services	5	0.8%	40.0%	↑
Construction	76	12.0%	25.4%	↓
Wholesale Trade	17	2.7%	12.5%	↓
Retail Trade	75	11.9%	15.5%	↑
Accommodation and Food Services	51	8.1%	10.2%	↓
Transport, Postal and Warehousing	26	4.1%	13.0%	↓
Information Media and Telecommunications	22	3.5%	33.3%	↓
Financial and Insurance Services	20	3.2%	63.2%	↑
Rental, Hiring and Real Estate Services	26	4.1%	26.9%	↓
Professional, Scientific and Technical Services	63	10.0%	23.0%	↓
Administrative and Support Services	11	1.7%	54.5%	↑
Public Administration and Safety	0	0.0%	N/A	N/A
Education and Training	17	2.7%	17.6%	↓
Health Care and Social Assistances	43	6.8%	39.0%	↑
Arts and Recreation Services	14	2.2%	28.6%	↑
Other Services	90	14.3%	22.2%	↓
Total	**631**	**100.0%**	**26.6%**	↑

*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#	
	September 2025	August 2025	September 2025	August 2025	September 2025	August 2025	September 2025	August 2025
Increase	↓ 16.2%	21.2%	↑ 22.8%	17.4%	↓ 10.3%	14.1%	↑ 16.2%	13.2%
No change	↑ 38.1%	37.7%	↓ 43.6%	44.2%	↓ 29.7%	32.6%	↓ 39.9%	40.3%
Decrease	↑ 45.0%	39.9%	↓ 27.0%	29.8%	↑ 58.9%	51.5%	↓ 36.8%	37.3%
Unsure	↓ 0.7%	1.2%	↓ 6.6%	8.6%	↓ 1.1%	1.8%	↓ 7.1%	9.2%

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

Business expansion

Plans to grow, alter, or expand business operations?#		
	September 2025	August 2025
Yes	↓ 29.1%	32.4%
No	↑ 55.4%	53.9%
Unsure	↑ 15.5%	13.7%

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

Nature of plans (of those who indicated 'yes')~		
	September 2025	August 2025
We have plans to hire additional staff	↓ 32.5%	38.9%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 25.4%	36.5%
We have plans to establish or expand our online business	↑ 22.6%	18.9%
We have plans to improve the range and/or quality of our products and services	↑ 52.6%	43.4%
Other	↓ 20.3%	26.0%

~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
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	↑
September 2025	102.9	↓

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 September to 30 September with 631 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.