



Small Business Insights Quarterly

September Quarter
2025



Small
Business
Commissioner

By the numbers



181

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



2,831

individual small
businesses
received direct
support



22

news articles
to keep small
businesses informed



88%

of customer calls
answered within
60 seconds



443

mediation
applications
managed






100

mediations
conducted

Top industries reached

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

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 third quarter of 2025 brought continued economic uncertainty for many small businesses. The Consumer Price Index (CPI) rose 1.3 per cent in Q3 2025 and 3.2 per cent over the twelve months to the September 2025 quarter, the highest quarterly rise since March 2023 and the highest annual inflation rate since the June 2024 quarter. The Reserve Bank of Australia (RBA) left interest rates unchanged at its September meeting, keeping the cash rate at 3.60 per cent.

The Commission undertook preparations for Small Business Month, a month-long program in October offering small businesses across NSW free and low-cost events aligned with their individual business interests. In collaboration with the NSW Business Bureau and the Department of Customer Service's Behavioural Insights Unit, the Commission also prepared to launch a new survey and consultation program in October 2025, aimed at making it easier for small businesses to operate in NSW by reducing red tape.

Demand for the Commission's services declined marginally between Q2 and Q3 2025, with the total number of enquiries decreasing by 2 per cent. Business-to-business and leasing enquiries continue 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 improved over Q3 2025, rising significantly by seven percentage points to 27 per cent, albeit from a record low.

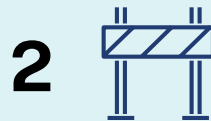
More insights and business conditions data can be found in the [Commission's Momentum Survey](#), released monthly and available on the Commission's website.

Top 5 movements: Q3 2025 compared to Q2 2025



Business confidence back from record low

Business confidence improved significantly in Q3 2025, rising by 7 percentage points to 27 per cent, rebounding from a record low. Businesses in Regional NSW recorded a stronger improvement in confidence between Q2 and Q3 2025 (rising from 20 per cent to 29 per cent), compared with businesses in Greater Sydney (20 per cent to 25 per cent). Despite this improvement, confidence levels remain subdued amid challenging trading conditions.



Concerns about redtape on the rise

Concerns about red tape increased in Q3 2025, reaching a record high, while all other issues moderated compared to Q2. Small businesses continue to express frustration with their compliance obligations.



Business performance indicators improve

Near-term business performance indicators improved between Q2 and Q3 2025. However, the proportion of businesses anticipating a decline in revenue and profitability remains higher than those expecting an improvement, although this gap has narrowed considerably.



Momentum accelerated

The Momentum Index*, a composite measure of underlying business trends, accelerated in Q3 2025, entering expansionary territory for the first time this year on a quarterly basis. This result was driven by strong performance in the recent and near-term business performance components of the index.



Business investment declines

Among businesses with expansion plans, the proportion intending to hire additional staff or purchase/rent additional property, plant or equipment declined significantly. The business expansion series has shown greater volatility in 2025, coinciding with broader economic uncertainty.

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

Small business environment

Interest rates remain unchanged

The RBA left the cash rate unchanged in September 2025 at 3.60 per cent, following three rate cuts earlier in 2025, with the most recent in August 2025. The RBA observes private demand is recovering a little more rapidly than expected, taking over from public demand as the driver of growth.

Unemployment up, labour market easing

The seasonally adjusted employment rate in NSW rose to 4.3 per cent in September, up from 4.2 per cent in August, according to the latest data released by the ABS (Australian Bureau of Statistics).

The number of people employed in NSW rose by 6,000 in September, following a significant drop in August.

The NSW labour market has shown consistent signs of gradual easing but remains tight in a historical context. This aligns with feedback from the Commission's liaison program, with businesses reporting staffing shortages continue to pose challenges and some participants highlighting significantly longer recruitment times.

Challenging trading conditions

Participants in our business liaison program, the Business Insights Initiative (BII), continue to report challenging trading conditions, citing rising input costs such as rent, insurance, wages, and utilities, while cost-of-living pressures dampen both business-to-business (B2B) and business-to-consumer (B2C) demand. Some operators report partially forgoing wages or dipping into their personal reserves to stay afloat, while others are relying on strong trading leading up to and during the Christmas period to determine business viability in 2026.

Compliance costs and regulatory burden

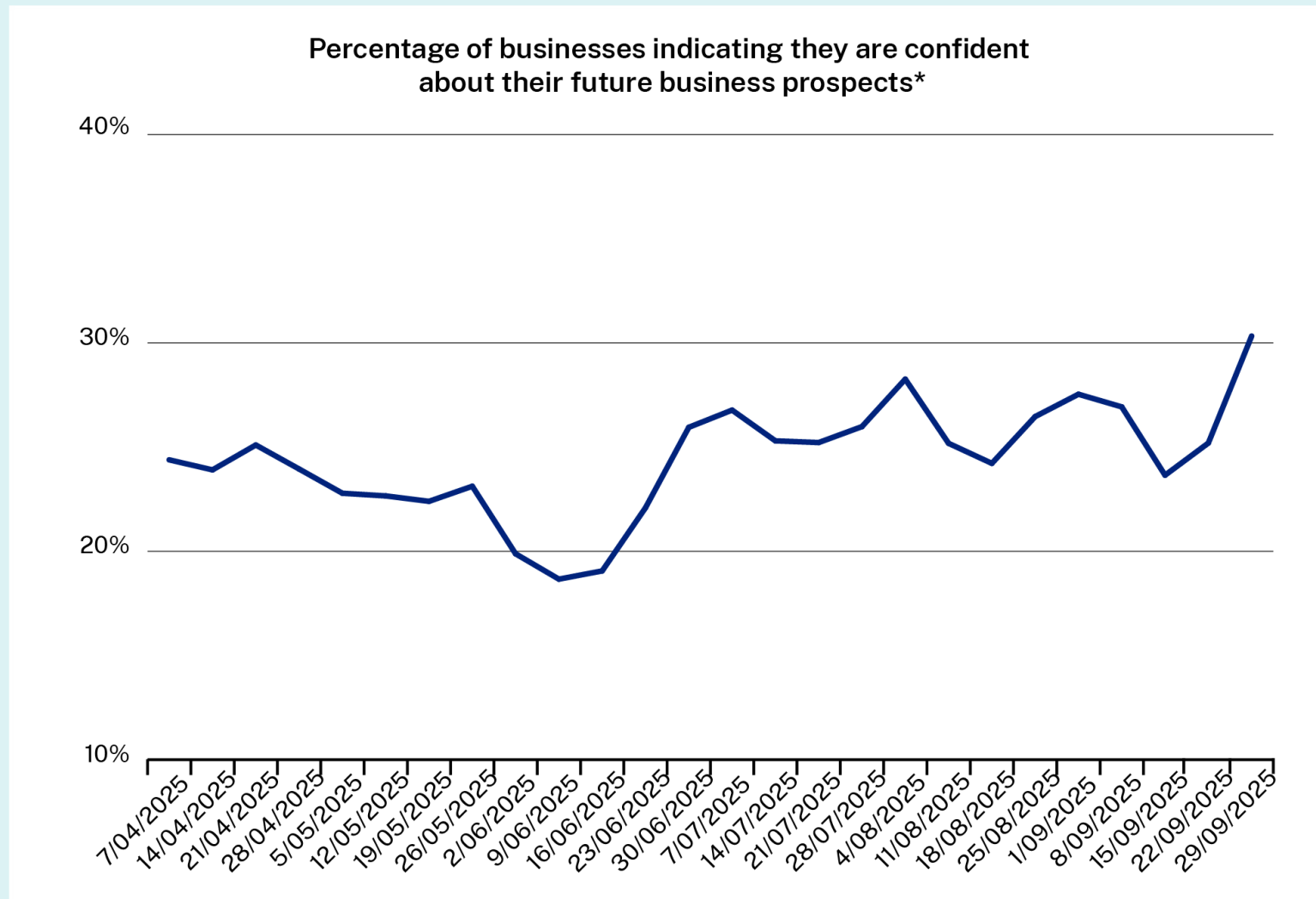
BII participants continue to express concerns and frustrations about their compliance obligations, highlighting dissatisfaction with the current regulatory environment. They report it is a one-size-fits-all approach that disproportionately impacts small businesses and creates unintended implications for day-to-day operations.

Participants also indicate compliance obligations are growing and becoming unmanageable, and they advocate for greater support to help navigate these requirements.



“It’s difficult to make ends meet. I have raised my prices as much as possible, yet the cost of supplies and other services needed to run a business has increased enormously over the past few years. The last 12 months have been very difficult, often going backwards for the first time in 10 years of operation. I have cut costs and trimmed any fat and still struggle.”

Business confidence



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

Quarterly activity and achievements



Highlights

- Attended roundtable discussions in Taree and Kempsey to meet with local small business representatives and small business owners and operators.
- Attended the Council of Small Business Organisations of Australia (COSBOA) National Small Business Summit

“The person who guided me through my issue was kind, compassionate and extremely patient with me. Over 8 weeks they were always very responsive and understanding, relayed all correspondence to me as soon as it was received and always kept me up to date with any new information that they received on my matter.”

- Zahra Noori, Zalara Events



Small business advocacy

- Published Information/news/guidance articles to support small businesses:
 - » [Employee or contractor? Reviewing worker status after key FWC decision](#)
 - » [Right to disconnect law to come into effect](#)
 - » [New seafood labelling from 1 July 2026](#)
 - » [Financial hardship - help is at hand](#)
 - » [Government grants and support for small business](#)
- » [Non-bank and alternative lenders: What small businesses need to know](#)
- » [Personal guarantees in commercial leases](#)
- » [Understanding the co-operative business structure](#)
- » [Sydney trains to ban converted e-bikes from November](#)



Mediation

- 95 per cent of applicants engaging with Mediation Services report positive satisfaction
- 36 per cent of matters filed are for claims in the range of \$2,000 to \$20,000, and 18 per cent are between \$20,000 and \$100,000



Reports and publications

- [Submission to NSW Parliament](#) - Inquiry into the Illegal tobacco trade
- [Submission to the Department of Creative Industries, Tourism, Hospitality and Sport](#) - Tax Reform for the Australian creative industries
- [Submission to Treasury](#) - Reforms to non-compete clauses and other restraints
- [Submission to Treasury](#) - Proposed options to strengthen the Unit Pricing Code
- [Submission to NSW Transport](#) - Changes to using e-micromobility devices on public transport
- [Submission to Transport NSW](#) - Draft Community Improvement Districts Amendment Regulation 2025
- [Submission to NSW Fair Trading](#) - Motor Dealers and Repairers Regulation 2025
- [Submission to Treasury](#) - National licensing for electrical occupations consultation

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 July 2025 to 30 September 2025 with more than 1,900 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 Q3 were conducted between 14 July 2025 to 29 September 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.