



Small Business Insights Quarterly

December Quarter
2025



Small
Business
Commissioner

By the numbers



171

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



2,263

individual small
businesses
received direct
support



23

news articles
to keep small
businesses informed



93%

of customer calls
answered within
60 seconds



465

mediation
applications
managed






81

mediations
conducted

Top industries reached

1		Construction
2		Accommodation and food services
3		Retail trade
4		Professional, scientific and technical services
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 fourth quarter of 2025 brought continued economic uncertainty for small businesses. The Reserve Bank of Australia (RBA) left the cash rate unchanged at 3.60 per cent at its October, November and December meetings. The Consumer Price Index (CPI) rose by 3.8 per cent in the 12 months to December 2025, up from 3.4 per cent in the 12 months to November. Trimmed mean inflation was 3.3 per cent in the 12 months to December 2025, above the RBA's target and up from 3.2 per cent in the 12 months to November 2025.

The Commission, in collaboration with the NSW Business Bureau and the Department of Customer Service's Behavioural Insights Unit, launched and conducted a red tape consultation program to identify ways to reduce compliance burdens and regulatory requirements for small businesses, including a survey and interviews with stakeholders. The Commission also provided submissions to the Federal Treasury and the Australian Tax Office (ATO) relating to draft regulations for mandating cash acceptance and draft principles for managing taxpayer payment deferrals, penalty & interest remissions and payment plans, respectively.

Demand for the Commission's services was mixed in Q4 2025. The total number of enquiries declined by 6 per cent between Q3 and Q4 2025, while the number of mediation applications increased by 6 per cent over the same period. This aligns with historical cyclical trends, as certain sectors of the small business community wind down over the Christmas and New Year period, while leasing disputes tend to increase during this period.

This report also summarises key insights, trends and data from our business liaison program, surveys, business support and mediation functions. Business confidence improved marginally in Q4 2025, rising by one percentage point to 28 per cent. Confidence levels remained subdued throughout 2025 amid challenging trading conditions.

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

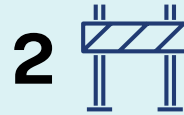
Top movements: Q4 2025 vs Q3 2025

Business investment improves



Among businesses with expansion plans, the proportion intending to hire additional staff or purchase or rent additional property, plant, or equipment increased significantly. This coincides with the Christmas and New Year period, with businesses potentially planning investment decisions in anticipation of increased trade. This result should be viewed in the context of the business expansion series, which has shown greater volatility throughout 2025.

Concerns about redtape reach record high



Concerns about red tape increased marginally in Q4 2025. Despite the slight increase, concerns reached a new record high. Small businesses continue to express frustration with their compliance obligations and regulatory requirements.

Expected business performance indicators decline



Near-term business performance indicators declined between Q3 and Q4 2025. This may reflect changing seasonal factors, such as Black Friday sales shifting consumer spending forward to November and anticipation of reduced trade following the Christmas and New Year period.

Momentum accelerated



The Momentum Index*, a composite measure of underlying business trends, accelerated in Q4 2025, remaining in expansionary territory for a second consecutive quarter. This result was driven by strong performance in the business investment and staffing component of the index.

*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 December 2025 at 3.60 per cent, marking the third consecutive decision to leave the cash rate unchanged. The RBA noted recent data suggests the balance of risks around inflation has shifted toward inflation being higher than expected, rather than lower. Additionally, private demand has continued to strengthen, and labour market conditions remain tight.

Inflation eases

Nationally, the CPI rose by 3.8 per cent in the 12 months to December, while trimmed mean inflation was 3.3 per cent over the same period. This represents an increase from the November 2025 inflation figures and inflation remains above the RBA's target.

The largest contributor to annual inflation in December was Housing, up 5.5 per cent. This was followed by Food and non-alcoholic beverages, up 3.4 per cent, and Recreation and culture, which rose 4.4 per cent.

Challenging trading conditions

Small business participants in the Commission's liaison program, the Business Insights Initiative (BII), continue to report challenging trading conditions, citing rising input costs, such as rent, insurance, wages, fuel, tolls, and utilities, as well as cost-of-living pressures impacting consumer demand in both business-to-consumer (B2C) and business-to-business (B2B) markets. Some small business operators report this is the most challenging environment they have experienced in the history of running their business, with many also citing increased mental health pressures and serious consideration of the viability of their business.

Compliance burdens and regulatory requirements

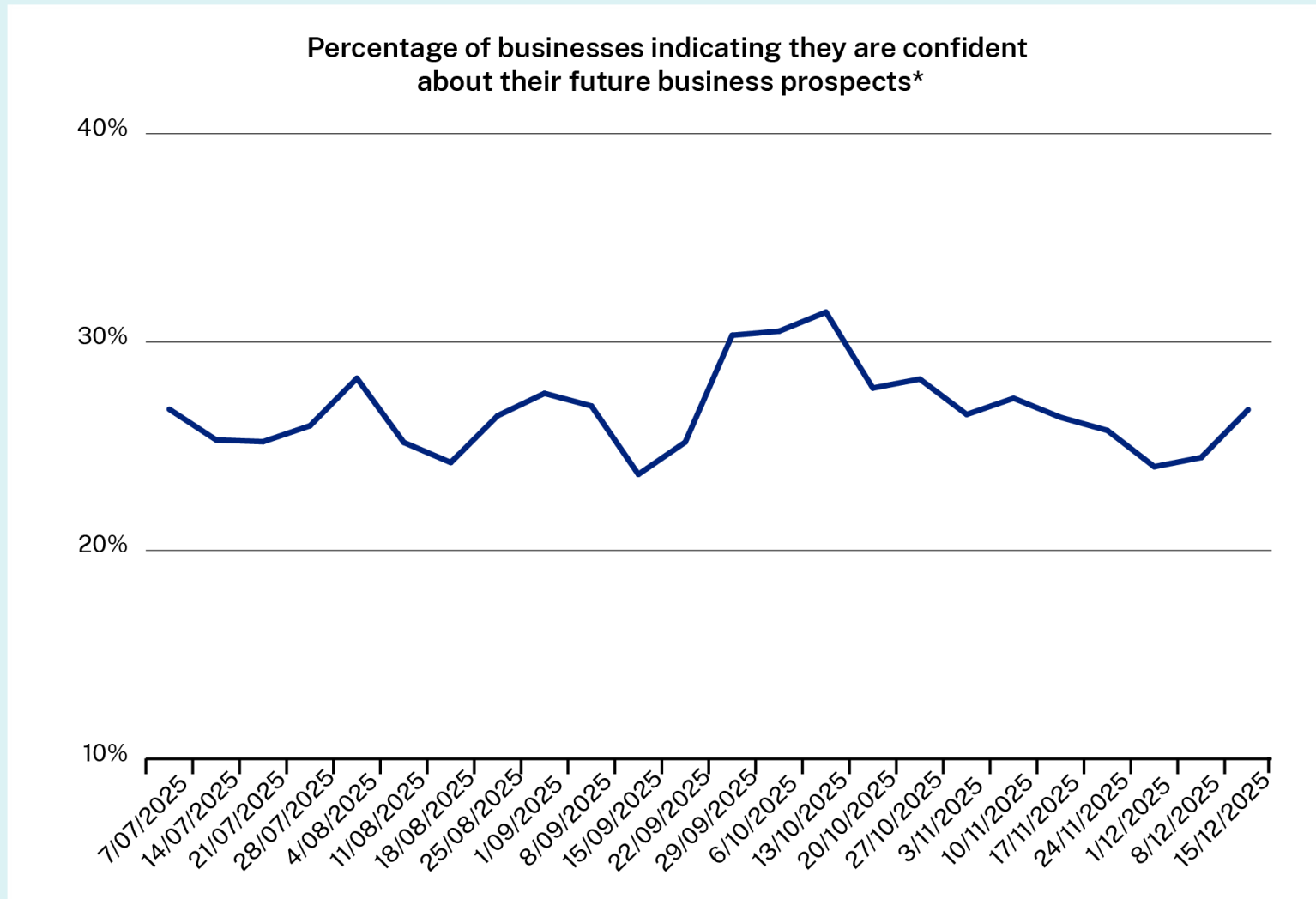
Small business participants in the Commission's liaison program continue to express concerns and frustrations about their compliance obligations and regulatory requirements, highlighting dissatisfaction with the significant resources, both time and money, required to meet them.

Participants indicate compliance obligations and regulatory requirements continue to increase in both volume and complexity, disproportionately impacting small businesses. They advocate for greater support, flexibility and leeway to help navigate and meet these obligations.



“Small businesses in Australia are worried because policies keep changing, red tape is increasingly time-consuming and costly and the tax system often feels unfair and harder on small operators than on large companies. These pressures make it more difficult for small businesses to survive and grow.”

Business confidence



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

Quarterly activity and achievements



Highlights

- Launched a targeted red tape initiative to identify practical, low-cost improvements to regulatory administration, including a statewide survey and follow-up consultations.
- Delivered a successful NSW Small Business Month in October with 303 events held across NSW
- Published resources to support businesses after the Bondi Beach Terror Attack:
 - » [Support for small businesses following the Bondi Beach attack](#)
 - » [Bondi Beach terror attack](#)
 - » [December 2025 update from the Commission](#)

"I want to say a genuine thank you to the NSW Small Business Commissioner. I spent months trying to resolve incorrect and misleading charges, with repeated follow-ups and little progress. Once the Commission became involved, the process shifted from prolonged back-and-forth to a structured, outcome-focused resolution. Accountability appeared, and thousands of dollars were refunded for services that weren't delivered properly. Thank you to the team for backing small businesses and ensuring fairness when it matters."

- Olivia Truong, W&T Investment Management



Small business advocacy

- Published Information/news/guidance articles to support small businesses:
 - » [Small Business Consultative Group to give small businesses a direct voice](#)
 - » [ATO to crack down on barter credit tax scheme](#)
 - » [What NSW small businesses need to know: new laws, new rules, new opportunities in 2026](#)
 - » [End-of-Year Checklist for Small Businesses – 2025](#)
 - » [Closure of the Small Business Superannuation Clearing House ahead of Payday Super](#)
 - » [Retailers urged to prepare for spike in scams ahead of Black Friday and Christmas](#)
- » [Lessons and tips from ATI Art School & Centre: a small business journey](#)
- » [Why big business climate related reporting could soon affect small business](#)
- » [NSW Food Organics Garden Organics \(FOGO\) rollout: New Food Organics \(FO\) collection rules for businesses from 1 July 2026](#)
- » [If you earn through an App or Platform, the ATO will know – Be Tax Ready](#)
- » [Support local this holiday season](#)



Mediation

- 85 per cent of applicants engaging with Mediation Services report positive satisfaction
- 38 per cent of matters filed are for claims in the range of \$2,000 to \$20,000, and 13 per cent are between \$20,000 and \$100,000



Reports and publications

- [Submission to Parliament of NSW](#) – Review of the operation of the NSW Reconstruction Authority regarding the NSW East Coast severe weather event from May 2025
- [Submission to the ATO](#) – The ATO's approach to Taxpayer Relief Provisions
- [Submission to Treasury](#) – Competition and Consumer (Industry Codes – Cash Acceptance) Regulations 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



Subscribe to our newsletter

smallbusiness.nsw.gov.au/#subscribe



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 October 2025 to 31 December 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 Q3 were conducted between 1 October 2025 to 15 December 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.