



Small Business Momentum Survey



Small
Business
Commissioner

March 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 March 2025.

Small business confidence declined marginally between February and March, decreasing by one percentage point to 24 per cent. Confidence levels have been stable in the first quarter of 2025 but remain subdued amid challenging trading conditions.

Businesses reported rising costs, compliance burdens, staff shortages, insurance, weaker customer demand, government fees and charges, policy uncertainty, climate and weather-related risks and an uncertain economic outlook as factors weighing on confidence.

Expectations about revenue and profitability decreased significantly between February and March. Just 9 per cent of businesses expect their profitability to increase over the next three months, a decrease of five percentage points from February.

The Momentum Index, a measure of underlying business trends, declined by 9.3 points to 93.0. The index has now entered contractionary territory after being expansionary for the previous two months. This decline was driven by weaker performance across all components of the index.

The online survey was completed between 1-31 March with more than 600 small businesses across NSW responding.

		Previous month
	Confidence 24 per cent of businesses indicated they were confident about their individual business prospects.	↓
	Concerns 84 per cent of businesses indicated they were concerned about the cost of business inputs.	=
	Momentum* The Momentum Index decreased by 9.3 points to 93.0 points.	↓
	Staff 37 per cent of businesses that have 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 9 per cent expect profitability to increase, compared to 41 per cent expecting a decline.	↓
	Revenue 14 per cent expect revenue to increase, compared to 35 per cent expecting a decline.	↓
	Local economy 15 per cent of businesses indicated they were confident about their local economy.	=



"While there are promising projects in the pipeline, the rising cost of fuel, energy and taxes are making the prospect of operating viably increasingly worrying".

*See pages 6 & 10 for more information on the Momentum Index.

Business conditions



Business conditions deteriorated in March, with decreases in both revenue and profitability, while concerns about input costs remained stable albeit at elevated levels.

In March, the number of respondents exploring new ways to grow, alter or expand their operations declined by one percentage point to 32 per cent, two percentage points below the series average. Among those respondents with plans to expand, there was a significant decrease for the second consecutive month in the proportion of businesses intending to hire staff, dropping by 9 percentage points to 37 per cent.

The percentage of businesses reporting an increase in revenue decreased in March. Fourteen per cent of businesses anticipate their revenue to increase over the next three months, down five percentage points from February.

Confidence

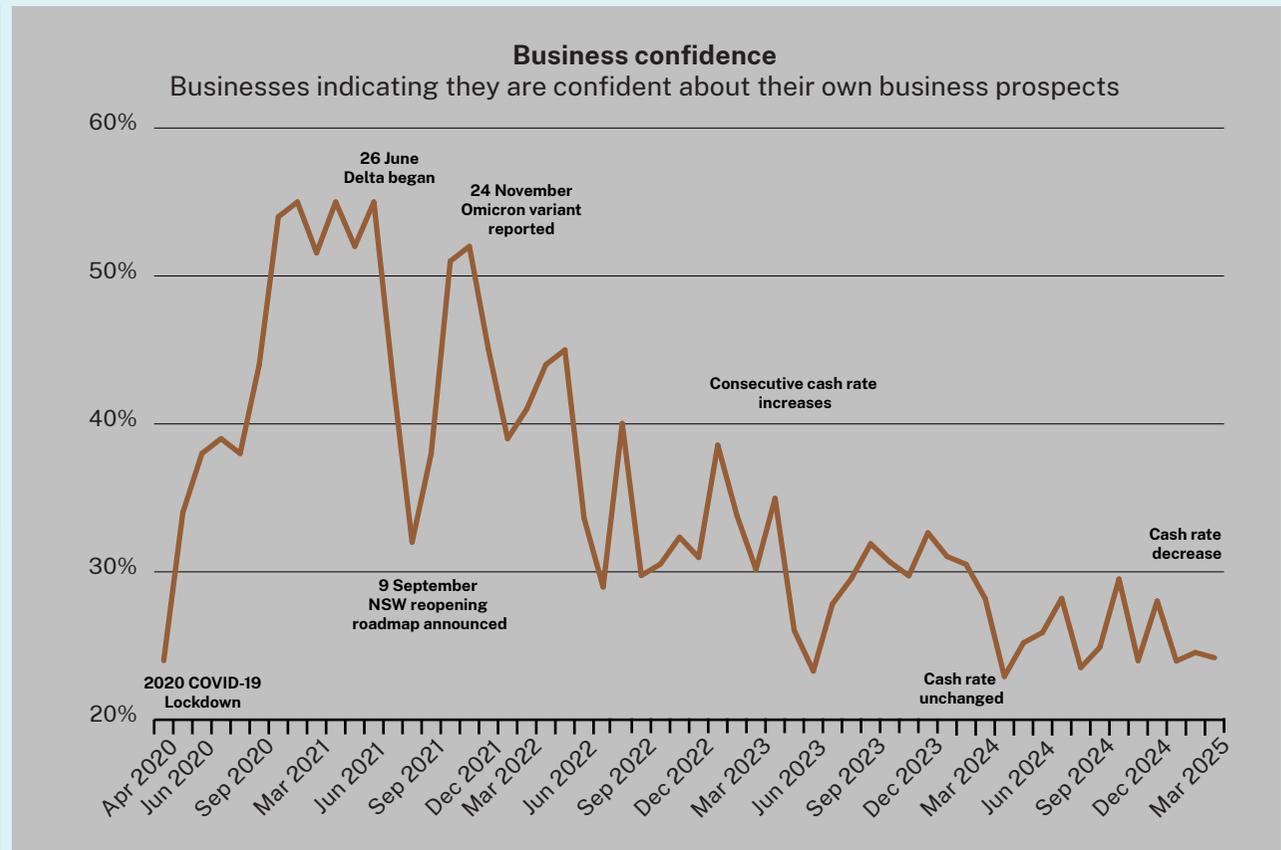
Small business confidence declined in March, decreasing by one percentage point to 24 per cent. Employing businesses were significantly more confident about their individual business prospects than their non-employing counterparts (27 per cent compared to 20 per cent).

Business performance

Business performance indicators declined significantly in March, with both revenue and profitability decreasing by 5 percentage points. A significantly higher percentage 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 84 per cent expressing concern, one percentage point above the series average. The next highest concerns were predicted retail electricity and gas price changes, followed by cashflow and the availability of working capital, with 75 per cent and 72 per cent expressing concern respectively.

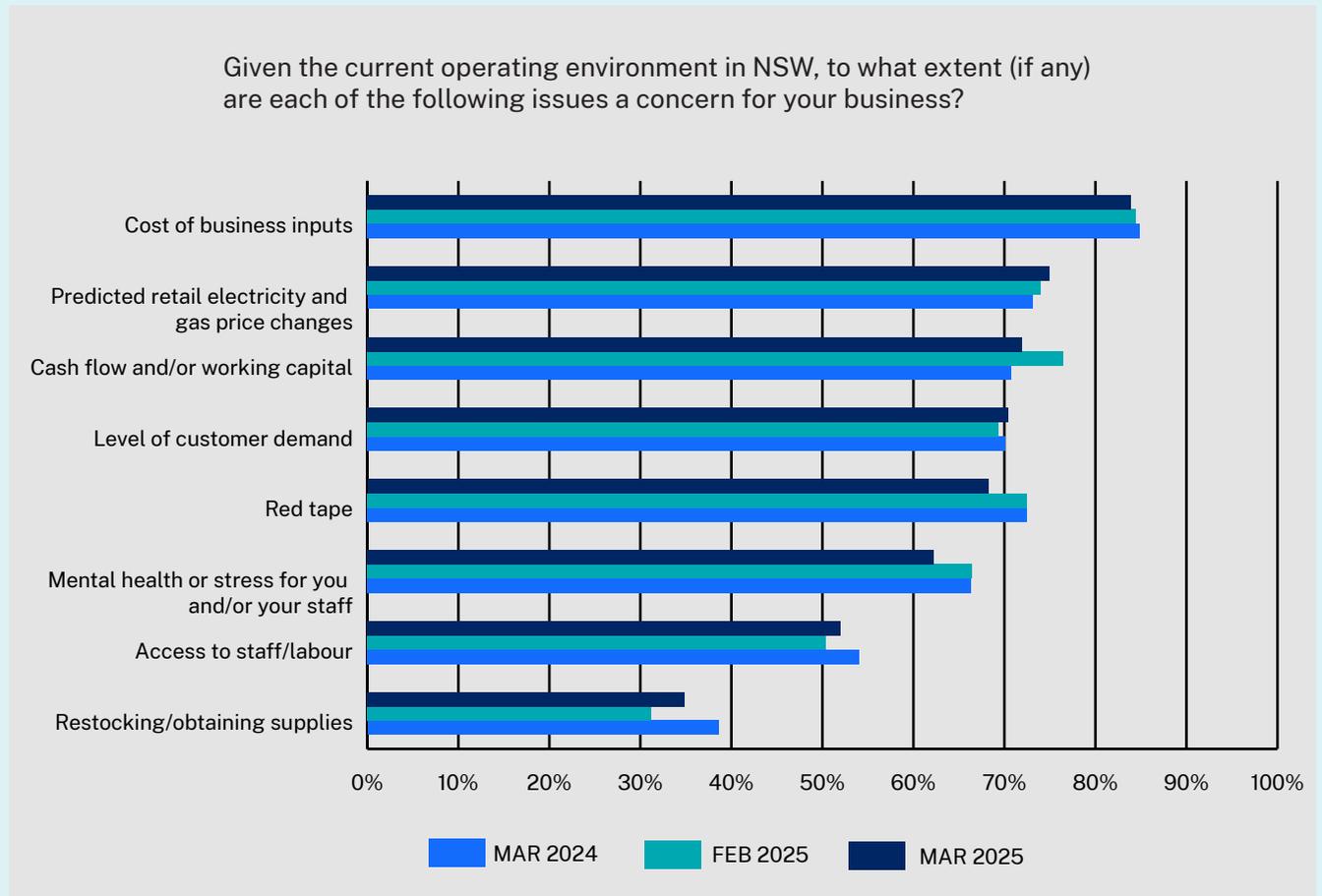


Business conditions



"Compliance burdens consume so much time that could be spent working on and in my business. It has been a continual challenge and I feel this is unlikely to change".

Business concerns



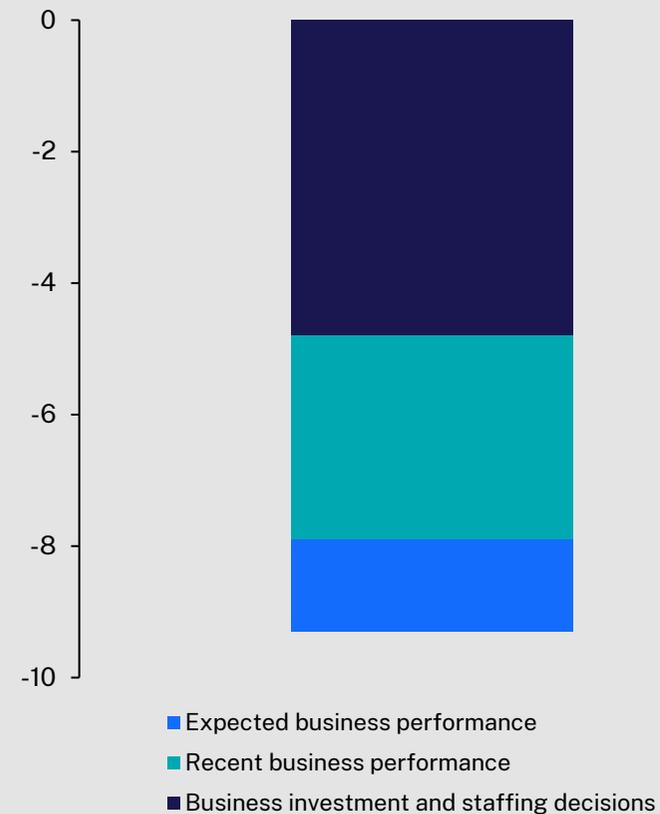
Momentum in focus

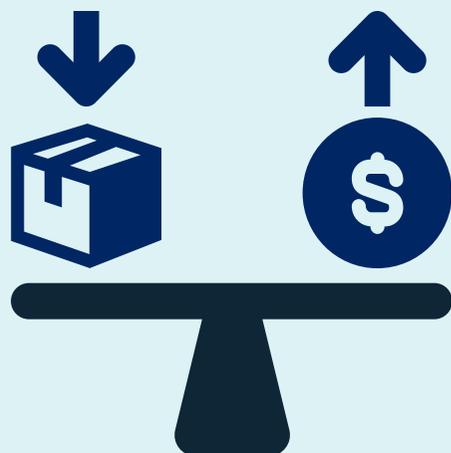
The Momentum Index is a composite measure that tracks key business performance metrics to identify critical turning points in underlying trends. This month, the Momentum Index declined for the second consecutive month, decreasing by 9.3 points and entering contractionary territory.

The decline in the March index was driven by weakness across all components, with business investment and staffing decisions being the biggest contributor.

- **Expected business performance** (-1.4%) - negatively impacted the index, with decreases in predicted revenue (-0.5%) and profitability (-0.9%).
- **Recent business performance** (-3.1%) - negatively impacted the index, with decreases in revenue (-1.2%) and profitability (-1.9%).
- **Business investment and staffing decisions** (-4.8%) - also negatively contributed to the index. The proportion of businesses planning to hire additional staff has fallen to a near-record low, while those intending to purchase or rent additional property, plant and/or equipment have moderately decreased as well.

Contribution to change in Momentum Index: February to March





"We are now facing even greater uncertainty and volatility in our markets, as reflected in the fluctuations of commodity prices".

Tariffs

The Commission asked respondents about the potential impact of increased tariffs on their business. One in six (16 per cent) businesses indicated they export or are indirectly exposed to exporting businesses and/or industries.

Of those businesses:

- One in four (27 per cent) reported being very concerned about the potential for tariffs, trade barriers or restrictions to have a significant impact on their business.
- Two in five (40 per cent) reported being moderately concerned, expecting a noticeable but manageable impact on their business from potential tariffs, trade barriers or restrictions.
- One in five (19 per cent) reported being slightly concerned, expecting a minor impact on their business from potential tariffs, trade barriers or restrictions.
- The remaining businesses (13 per cent) were not at all concerned, expecting no impact to their business.

The top concerns for businesses that reported being very, moderately, or slightly concerned about potential tariffs, trade barriers, or restrictions include:

- Increased economic uncertainty affecting business confidence (78 per cent).
- Increase cost of imported goods or materials (71 per cent).
- Reduced demand for products or services in export markets (60 per cent).
- Challenges navigating a more complex trade environment, e.g. compliance, regulatory uncertainty, etc. (58 per cent).

Businesses also reported concerns related to:

- **Impact on sales and profitability** - Businesses with direct exports to the US, or those supplying exporters, anticipate challenges in selling goods and potential revenue and profitability declines.
- **Uncertainty and market conditions** - Businesses expressed concern over global economic instability, particularly due to shifting US trade policies.
- **Supply chain and cost pressures** - Tariffs on China, particularly those imposed by the US, are expected to increase costs for Australian businesses, affecting supply chains and exchange rates.
- **Industry-specific concerns** - Businesses in sectors such as agriculture, manufacturing and automotive parts anticipate significant challenges due to tariffs and trade barriers.

Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	March 2025	February 2025	March 2025	February 2025
Extremely confident	↑ 4.2%	3.8%	↑ 2.4%	2.1%
Fairly confident	↓ 20.0%	20.8%	↓ 12.4%	13.3%
About the same	↓ 26.2%	28.7%	↓ 31.2%	35.2%
Fairly worried	↑ 33.5%	32.1%	↑ 39.7%	36.8%
Extremely worried	↑ 16.0%	14.7%	↑ 14.4%	12.6%
Extremely or fairly confident	↓ 24.2%	24.5%	↓ 14.8%	15.4%

Business size	n	% sample	Confidence*	Previous month
Non employing	212	33.9%	20.0%	↓
1 – 4 employees	224	35.8%	24.1%	↑
5 – 19 employees	135	21.6%	27.5%	↓
20 – 199 employees	55	8.8%	36.3%	↑
Total	626	100.0%	24.2%	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	356	58.0%	24.1%	↑
Regional and Rural NSW	258	42.0%	24.1%	↓
Total	614	100.0%	24.2%	↓

[#]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	43	6.9%	14.0%	↑
Mining	2	0.3%	0.0%	=
Manufacturing	43	6.9%	19.0%	↓
Electricity, Gas, Water and Waste Services	10	1.6%	40.0%	↑
Construction	85	13.6%	26.3%	↑
Wholesale Trade	17	2.7%	18.8%	↓
Retail Trade	63	10.1%	12.9%	↓
Accommodation and Food Services	45	7.2%	16.7%	↑
Transport, Postal and Warehousing	23	3.7%	30.4%	↑
Information Media and Telecommunications	12	1.9%	25.0%	↓
Financial and Insurance Services	20	3.2%	22.2%	↓
Rental, Hiring and Real Estate Services	23	3.7%	18.2%	↓
Professional, Scientific and Technical Services	69	11.0%	20.6%	↓
Administrative and Support Services	13	2.1%	33.3%	↑
Public Administration and Safety	2	0.3%	50.0%	N/A
Education and Training	20	3.2%	16.7%	↓
Health Care and Social Assistances	36	5.8%	44.4%	↑
Arts and Recreation Services	19	3.0%	26.3%	↓
Other Services	81	12.9%	33.3%	↑
Total	626	100.0%	24.2%	↓

*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 [#]	
	March 2025	February 2025	March 2025	February 2025	March 2025	February 2025	March 2025	February 2025
Increase	↓ 11.3%	12.4%	↓ 13.6%	18.6%	↓ 6.5%	7.8%	↓ 9.0%	14.0%
No change	↓ 36.0%	40.1%	↑ 44.4%	42.3%	↑ 31.4%	31.0%	↑ 42.0%	38.1%
Decrease	↑ 51.6%	46.6%	↑ 34.9%	32.9%	↑ 60.7%	59.9%	↓ 41.5%	41.6%
Unsure	↑ 1.0%	0.9%	↑ 7.0%	6.2%	↑ 1.4%	1.3%	↑ 7.5%	6.2%

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

Business expansion

	Plans to grow, alter, or expand business operations? [#]	
	March 2025	February 2025
Yes	↓ 31.9%	32.8%
No	↑ 53.1%	49.7%
Unsure	↓ 15.0%	17.6%

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

	Nature of plans (of those who indicated 'yes') [~]	
	March 2025	February 2025
We have plans to hire additional staff	↓ 37.0%	46.3%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 32.3%	35.0%
We have plans to establish or expand our online business	↓ 26.5%	32.6%
We have plans to improve the range and/or quality of our products and services	↓ 47.1%	57.9%
Other	↑ 26.8%	16.5%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=191.

Detailed results



Momentum Index

	Momentum Index	Previous month
September 2023	99.4	↑
October 2023	103.8	↑
November 2023	95.1	↓
December 2023	91.6	↓
January 2024	103.4	↑
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	↓

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



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1300 795 534



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Methodology

Fieldwork conducted between 1 March to 31 March with 626 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.

