

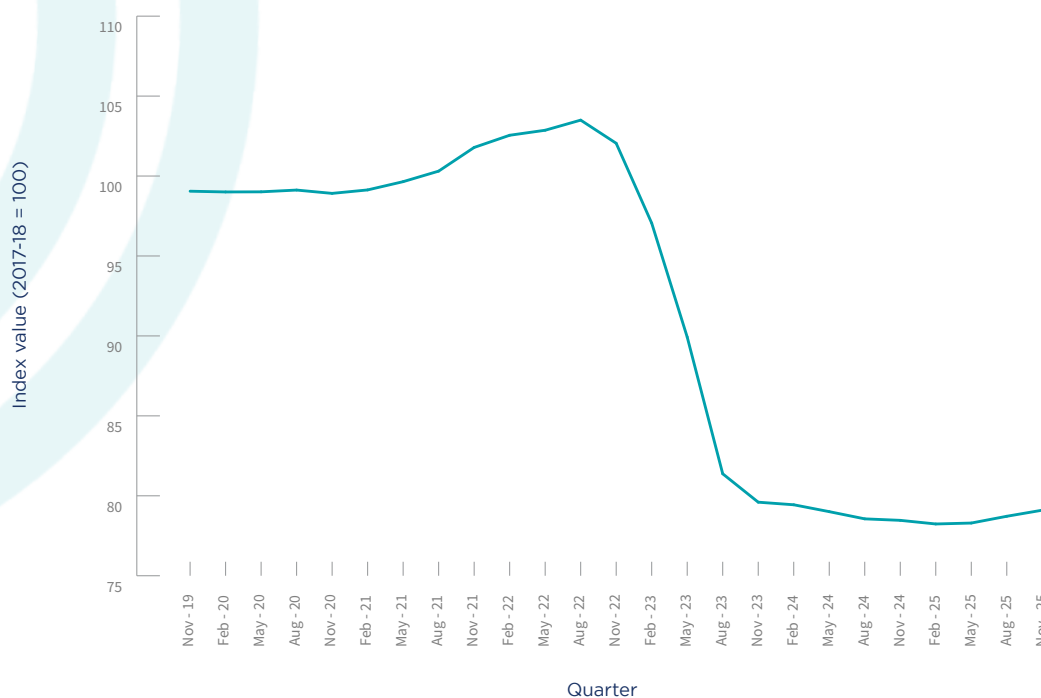
SMALL BUSINESSES RENEWAL ACCELERATES AS OWNERS EMBRACE GROWTH AND TRANSFORMATION

November 2025

Key highlights:

- The ASBFEO Small Business Pulse increased by 0.8% in the three months to November 2025 – the third consecutive quarterly increase. It increased 0.5% compared to the same time last year.
- There is strong momentum amongst small businesses to explore growth and transformation opportunities, with owners leaning into fresh ways to expand their offerings and delight customers. There has been continued momentum in research into opportunities to harness technology and artificial intelligence to boost efficiency and power new waves of growth.
- Enquiries about the logistics of passing on existing businesses to family members have increased, with signals that these new business owners are implementing new ideas while preserving the family business legacy¹. This is affirmation that succession can bring new insights and perspectives that can reinvent a business.
- Interest in starting a new business remains elevated. Over the last two years, this has been evenly split between men and women². Health care and social assistance and transport, postal and warehousing had the highest percentage increases in businesses in 2024-25³.

ASBFEO Small Business Pulse



Note: Scale starts at 75.0.

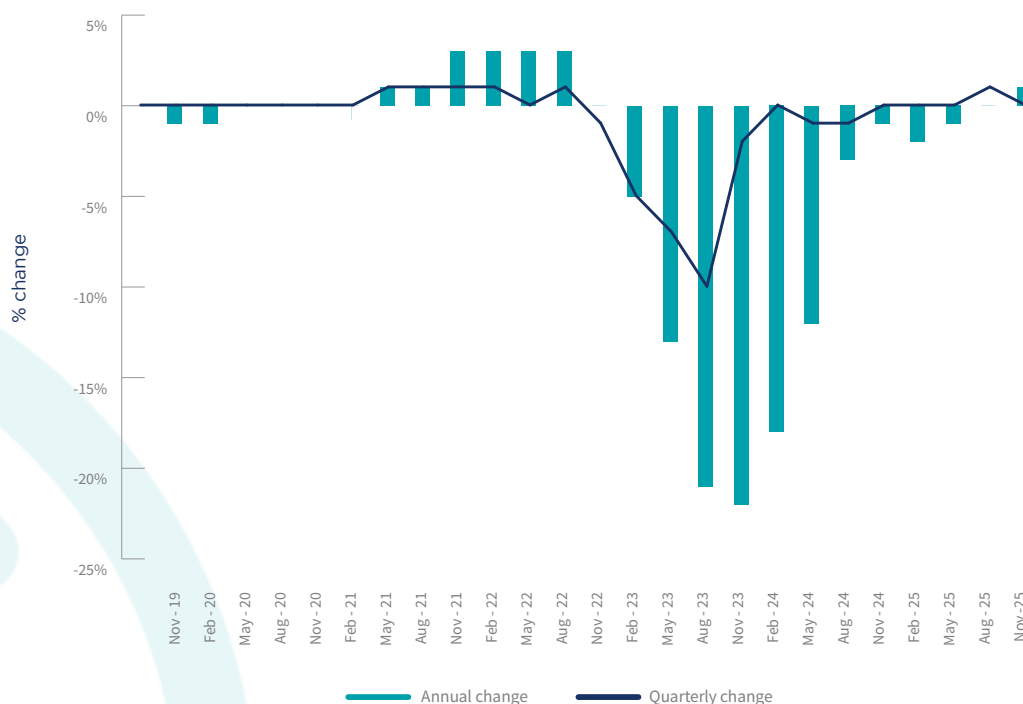
Source: ASBFEO, 2025

¹ Department of Industry, Science and Resources Contact Centre Operational Data (August to October 2025).

² Self-identified gender, Australian Survey of Social Attitudes 2024 Waves 1, 2, 3, 4 and 5, Version 3, Accessed 27 November 2025.

³ Australian Bureau of Statistics, *Counts of Australian Businesses*, July 2021 – June 2025.

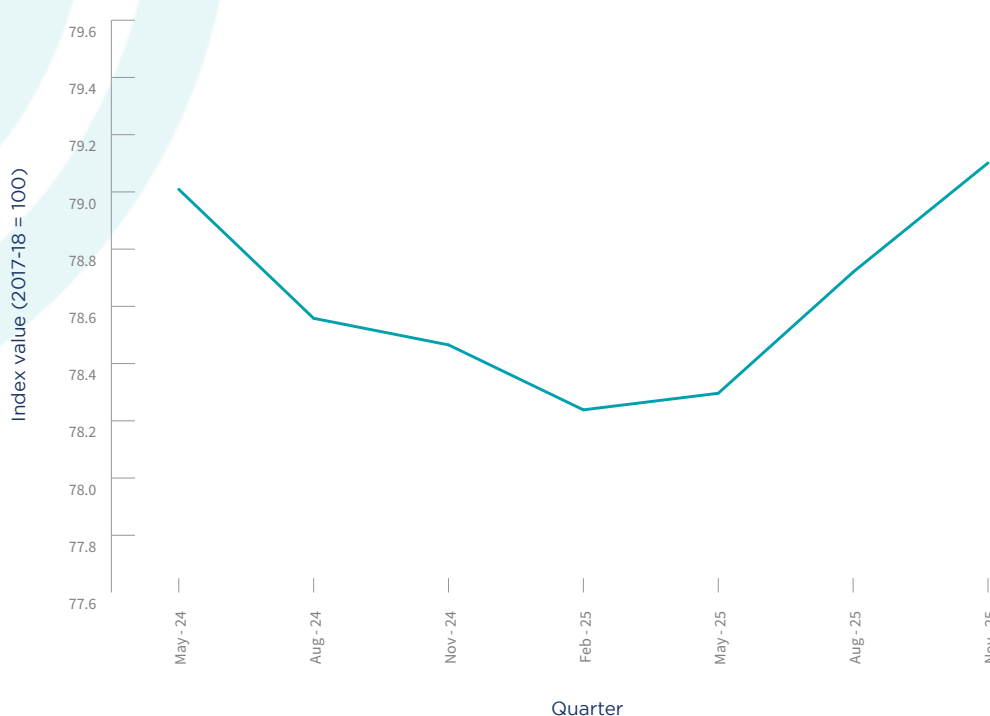
ASBFEO Small Business Pulse Changes



Note: The ASBFEO Small Business Pulse did not reflect a COVID-related fall in 2020 as government support measures outweighed other economic impacts. As economic activity, including insolvencies, have returned to trend levels, the Pulse has reflected these shifts.

Source: ASBFEO, 2025

Spotlight on Recent Movements



Source: ASBFEO, 2025

The ASBFEO Small Business Pulse increased by 0.8% in the three months to November 2025 – the third consecutive quarterly increase. It increased 0.5% compared to the same time last year.

The Australian Small Business and Family Enterprise Ombudsman, Bruce Billson, said there is a real tailwind building for small business growth and transformation.

“With relatively stable economic conditions and a reduced likelihood of further interest rate relief in the near term, the Pulse reflects the inherent optimism of enterprising women and men with business owners focussed on creating their own opportunities and positive momentum”, Mr Billson said.

“Small business owners are leaning into fresh ways to expand their offerings and delight customers. There has been continued momentum in research into opportunities to harness technology and artificial intelligence to boost efficiency and power new waves of growth – momentum that’s reshaping the small business landscape.

“There is continuing momentum for small businesses to explore opportunities to expand into fresh markets and investigate the delicious opportunities of digital technologies – including artificial intelligence - to boost efficiency and unlock new avenues for growth.

“Enquiries about the logistics of passing on existing businesses to family members have increased, with signals these new next generation small business owners are implementing new ideas while preserving the family business legacy⁴. This is affirmation that succession can bring new insights and perspectives that can reinvent a business,” Mr Billson said.

The Small Business Pulse is a health check of objective vital signs for small business while also taking into account the ‘animal spirits’ that drive decision making.

“There is strong momentum in small business owners’ research into how technology may assist with delighting more customers and boosting productivity by streamlining administrative tasks. Queries about e-commerce and websites, digital and social media marketing and the opportunities artificial intelligence may provide remain elevated. Interest is high in how artificial intelligence may streamline compliance and other administrative tasks, as well business expansion. Risk management is also a key consideration for small business owners, with strong appetite for practical information on how to increase their cyber security,” Mr Billson said.

“Small business owners are comparing tools and looking for clear information on how this might work for them, particularly through workshops or face-to-face meetings to explore their unique business prospects. There is a clear expectation that regulators will provide small businesses with practical information to use these tools to comply with changing requirements, such as single touch payroll and payday superannuation requirements.

“Enquiries about hiring staff have increased, with many small business owners wanting clarity on the differences between employees and independent contractors so they can get things right from the outset⁵. Interest in remote workers remains elevated, driven by more small businesses operating from digital offices and the ongoing challenge of finding the right staff in many regional communities. In sectors where hands-on workers are essential – like construction – the struggle to fill vacancies has remained a persistent pressure throughout the year. Employers are also concerned about ensuring that they are paying staff appropriately, with key areas of concern including penalty rates, casual staff and staff aged under twenty-one.

“Concerns about other regulatory requirements have eased this quarter but remain stubbornly high. In addition to employer responsibilities, tax obligations continue to prove challenging, particularly for sole traders and new businesses unsure what startup costs they can claim as tax deductions⁶. Regulators’ terminology can also be confusing for entrepreneurs. For example, confusion on whether personal services income is business income remained elevated throughout the year.

⁴ Department of Industry, Science and Resources Contact Centre Operational Data (August to October 2025).

⁵ Department of Industry, Science and Resources Contact Centre Operational Data (August to October 2025).

⁶ Department of Industry, Science and Resources Contact Centre Operational Data (June to October 2025).

“Business registrations are also a key area of confusion. Many small businesses are uncertain whether they can expand their business services and products under their existing business or require a new business entity or structure⁷. Finding information can be especially challenging for some cohorts. Small business owners from a culturally and linguistically diverse background report less confidence in finding business information than the general small business population⁸.

“Interest in starting a new business remains elevated. Over the last two years, this has been evenly split between men and women⁹. Health care and social assistance and transport, postal and warehousing had the highest percentage increases in businesses in 2024-25¹⁰.

“This shift in business composition is reflected in requests for ASBFEO’s help. Disputes requiring a dedicated ASBFEO case manager were most commonly in the transport, postal and warehousing industry this quarter. Nearly one in five of these small business owners had been in business for less than one year, with most of these early-stage business owners speaking a language other than English at home.

“Small business owners’ enquiries exploring closure or sale are elevated – often from people who still have choices on the table and are seeking clear guidance on the practicalities: how to transfer tangible and intangible assets, what a sale involves, and the capital gains considerations that follow. At the same time, there’s been slight rise in owners facing genuine financial distress, with the lingering effects of natural disasters adding extra pressure for many already doing it tough.

“Strong, well-sequenced and timely support can help small businesses navigate change with certainty, invest with conviction, and contribute more boldly to Australia’s economic dynamism.

“That’s why we have proposed 14 Steps to ‘energise enterprise’ designed to provide policy settings to provide a clear pathway for renewal and transformation. We’re not just setting out practical and constructive actions to support enterprising women and men – we’re seeking to reduce the complexity of owning and running a business, improve incentives, boost confidence, and create the conditions for businesses to thrive,” Mr Billson said.

You can find them here www.asbfeo.gov.au/14-steps

MEDIA CONTACT: 0448 467 178 / www.asbfeo.gov.au

⁷ Department of Industry, Science and Resources Contact Centre Operational Data (June to October 2025).

⁸ Defined as speaking a language other than English at home. ASBFEO research for the *ASBFEO Small Business Natural Disaster Preparedness and Resilience Inquiry* (2022).

⁹ Self-identified gender. Australian Survey of Social Attitudes 2024 Waves 1,2,3, 4 and 5, Version 3, Accessed 27 November 2025.

¹⁰ Australian Bureau of Statistics, *Counts of Australian Businesses*, July 2021 – June 2025.

Methodology

The ASBFEO Small Business Pulse is a world-leading combination of non-traditional and traditional data to produce an indicator of small business health. There is growing research on the value of harvesting alternative data such as internet searches to complement traditional sources of information such as official statistics. These alternative sources can provide the early indicators of changes in the environment and ambition when combined with traditional data and interpreted with subject matter expertise. This is particularly important when conditions are changing rapidly, which traditional sources of information and point-in-time surveys often miss.

The Pulse was constructed in line with the *OECD Handbook on Constructing Composite Indicators*. This aimed to develop a simple model that has flexibility to adjust to changing conditions and new datasets as they become available while maintaining a reliable time series. The ASBFEO Small Business Pulse is a composite indicator divided into three branches:

Sentiment: the human emotions and instincts that drive behaviour. This includes people considering starting a business, existing business owners considering closing their business and existing sentiment survey measures.

Business transformation: measuring variables such as queries about engaging staff, innovation, coaching and mentoring, marketing, advertising, capital investment and funding.

Business operation: The business of running a business such as complying with regulations, business entries and exits (including insolvencies), demand, economic performance, levels of debt and general economic conditions including disputes.

Variables are normalised prior to aggregation because they have different measurement units. The Pulse assigns each variable to one of these three branches and weights them to calculate a branch score. Some variables such as funding could sit in multiple branches but have been assigned to a single branch based on ASBFEO analysis of small business queries. Each branch has equal weight in the overall index. The branch weights reflect conceptual expectations and small business contribution to macroeconomic indicators. For example, staffing variables such as the underutilisation rate (a measure of spare capacity in the labour market) has a reduced weight as over 60% of small businesses do not have additional employees. Variables such as non-performing loans which suggest a deterioration in the business environment are multiplied by -1.

This approach provides flexibility to adjust for the changing data environment. ASBFEO splices in new datasets as they become available. This involves calculating the movement without the new data then adjusting this for the new data.