

The rise of the micro business in NSW

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Micro businesses are on the rise across NSW, now making up a significant share of the state's small business sector. New figures from the NSW Small Business Commissioner's Insights Paper reveal 63 per cent of small businesses across the state have fewer than four employees.

The growing prominence of the micro business and a new generation of the so-called 'second and third act' founders are changing the NSW small business landscape, according to the Insights Paper published this October, to mark the start of the NSW Small Business Month, supported by CommBank.

Second and third act founders are experienced professionals who start a business after already building a career, or several careers, and are bringing years of skills, industry knowledge and experience into new ventures.

According to the report, 16 per cent of owners now run their business after leaving paid employment.

Speaking with CommBank's General Manager Small Business Banking, Annie Lee, NSW Small Business Commissioner Kalina Koloff said these findings point to a sector that is changing in both its make-up and its ambitions.

"One [trend] is the rise of the micro business, but we're also seeing the rise of the second and third act founder," Koloff said.

"We're getting this real knowledge economy, this real drive for new people starting businesses as a second or third career."

Economic pressures remain

The evolution of the sector comes as small businesses continue to navigate a challenging economic environment.

CommBank Economist Harry Ottley said higher interest rates were weighing on activity across the broader economy, with household spending easing and businesses facing greater pressure on profitability.

"We're starting to see signs across the economy of things slowing down," Ottley said.

"For small businesses, profitability is under more pressure compared to medium and large businesses. Small businesses generally have less scope to absorb higher input costs, so margins can be more exposed in an environment like this."

CommBank's base case is that the Reserve Bank of Australia cash rate has peaked at 4.6 per cent, although risks remain. If the economy evolves as expected, CommBank sees scope for interest rate cuts in the second half of 2027.

For information and events available as part of the NSW Small Business Month, [click here](#).

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