

MYOB Small and Medium Size Enterprise Performance Indicator

November 2025



MYOB SME Performance Indicator

The most recent MYOB SME Performance Indicator - which measures the aggregate gross value added (GVA) of Australian small and medium enterprises (1–19 employees) – showed the strongest half yearly performance since 2023.

The SME sector continues its upwards trajectory over the second half of 2025, rising by 1% in the last quarter. SME performance lowered slightly from mid-2024 through to the beginning of this year. However, six months of steady growth since March suggests that the SME sector has turned the corner. Growth in the September quarter was largely driven by strong performance in manufacturing (+6%), financial services (+6%), and property services (+5%).

Employment levels among SMEs have remained steady, but productivity growth - measured by GVA per employee - has increased, driving improved overall performance. Profitability per employee has continued to increase, and wages kept pace with inflation. The data indicates a steady progressive direction as the SME sector moves through a natural post-pandemic rebalancing.

While SME performance continues to trail the broader economy relative to their respective pre-pandemic levels of activity, the September reading of the Indicator points to promising trends. The gap largely represents the structural adjustment in trading conditions for consumer-facing businesses over the pandemic that continues to develop. The gap has been reducing since the beginning of 2025, representing both the progress achieved and the potential for further growth as industries such as hospitality and arts and recreation continue to adapt to these changes, and position themselves for stronger growth moving forward.

		Gross Value Added		Employment		Total Income per employee		Total Expense per employee		Payroll Expense per employee	
Top 3 Highest SME Sectors	Total SME Sector	1%	●	-1%	●	2%	●	1%	●	1%	●
	Construction	2%	●	1%	●	1%	●	0%	●	0%	●
	Professional Services	1%	●	0%	●	0%	●	0%	●	3%	●
	Retail Trade	-1%	●	-1%	●	1%	●	0%	●	0%	●
Top 3 Performers	Manufacturing	6%	●	1%	●	5%	●	2%	●	1%	●
	Financial Services	6%	●	-3%	●	9%	●	6%	●	1%	●
	Property Services	5%	●	1%	●	3%	●	1%	●	1%	●
Lowest 3 Performers	Public Admin	-10%	●	-8%	●	-3%	●	-3%	●	-5%	●
	Hospitality	-9%	●	-8%	●	0%	●	0%	●	0%	●
	Arts and Recreation	-6%	●	-5%	●	0%	●	0%	●	-1%	●

Chart 1: September 2025 Quarterly Percentage Change by Gross Value Added (GVA) Components and Key Sectors

MYOB SME Performance Indicator

The MYOB SME Performance Indicator increased by 1% in the September quarter.

Best performing sectors over the last three months:

1. Manufacturing
2. Financial Services
3. Property Services

Lower performing sectors in the last three months:

1. Public Administration
2. Hospitality
3. Arts and Recreation

The MYOB SME Performance Indicator draws on millions of observations from over 200,000 businesses (with 1-19 employees) at an anonymised level, aggregated for the whole Australian small business sector.

The Indicator can be interpreted as a component of Australia's Gross Domestic Product (or GDP), which is the primary measure of the overall level of economic activity for the Australian economy.

The latest data suggests that the SME sector is entering a phase of steady growth. While structural headwinds remain, solid performances in manufacturing and export-oriented industries, easing inflation over the last two years and the ongoing effects of the recent rate cutting cycle provides a foundation for continued momentum in the months ahead.

Chart 2: SME Performance Indicator September 2025

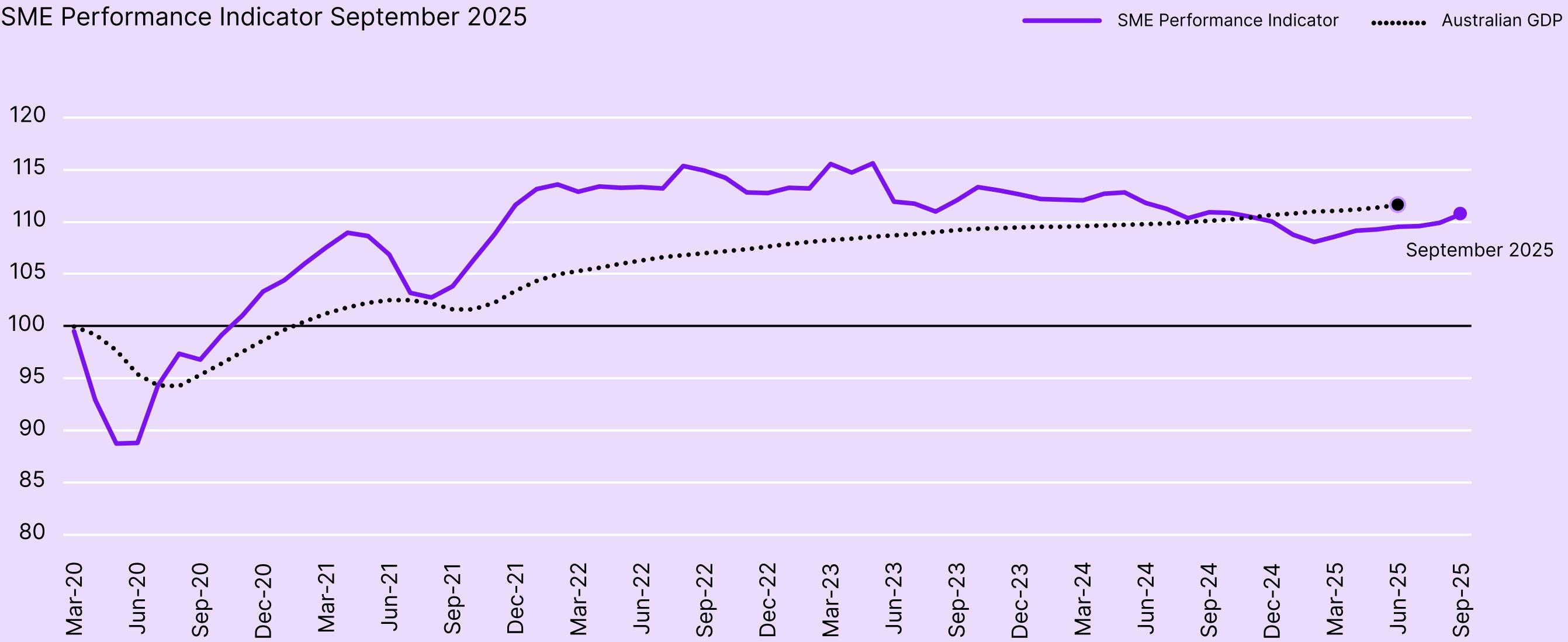


Chart 3: SME Gross Value Added per employee and SME employment



Sector Spotlight: Manufacturing

The SME sector of the manufacturing industry rose 5% over the three months to September 2025, marking a 1% increase compared to this time last year.

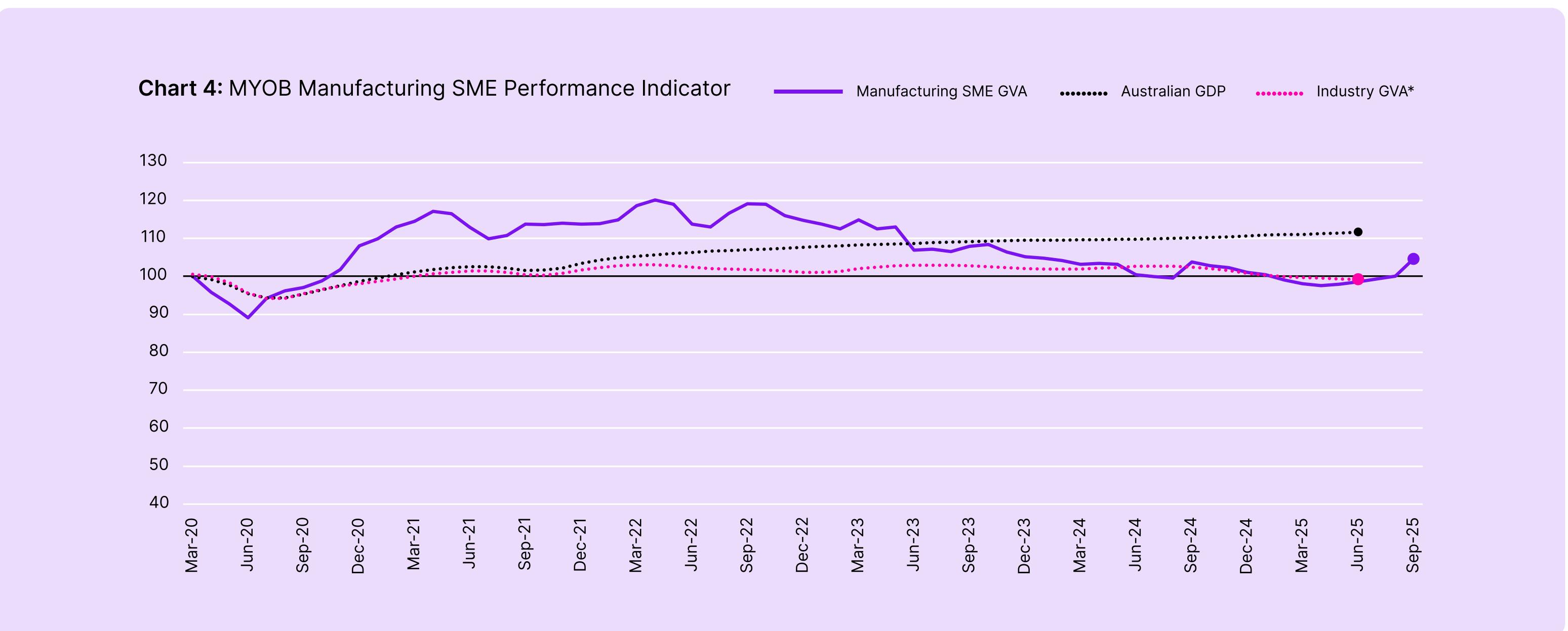
Manufacturing SMEs are benefiting from renewed government and investor confidence. Larger firms remain more capitalised, but SMEs are showing agility and innovation, particularly in advanced manufacturing, materials processing, and low-emissions technologies¹.

Recent performance also reflects a fundamental transformation underway across Australian manufacturing, driven by both policy and market forces:

- Significant government funding through the \$22.7 billion “Future Made in Australia” agenda, with targeted investment in hydrogen, critical minerals and clean energy manufacturing establishing a foundation for industrial renewal in the net zero economy².
- The bilateral agreement with the United States securing at least US\$1 billion in investment from both Australia and the US over the next 6 months towards a US\$8.5 billion pipeline of critical mineral projects³.
- Increased investment by manufacturing businesses, which jumped 8% over the year to June 2025. The largest increase was in chemical and chemical product manufacturing which increased 40% over the year to June to a record high of around 3x the pre-pandemic base⁴.
- Technology adoption continues to enhance productivity and capacity utilisation with usage of robotics and AI-driven supply chain optimisation becoming more widespread across manufacturing SME operations⁵.

Employment in manufacturing SMEs has remained stable, which aligns with long-term industry trends where productivity gains drive growth and enable increased output without proportional increases in labour. The sources of these productivity gains continue to evolve, with automation, smart machinery, and digital workflows playing a growing role.

Skills demand has shifted significantly over the past decade and is expected to continue evolving over the next ten years. While demand for traditional manufacturing skills has increased, it has not kept pace with the growing need for advanced manufacturing capabilities. The fastest-growing skill areas reflect the rapid adoption of new technologies, with advanced electronics, the Internet of Things (IoT), and robotics and automation projected to be among the most in-demand⁶.



¹ Reserve Bank of Australia (2024), Financing SME Innovation in Australia – Challenges and Opportunities. Available [here](#).

² The Treasury (2024), Future Made in Australia. Available [here](#).

³ Department of Industry, Science and Resources (2025), Australia and the United States sign landmark bilateral framework on critical minerals, Available [here](#)

⁴ Australian Bureau of Statistics (2025), Private New Capital Expenditure and Expected Expenditure. Available [here](#).

⁵ Department of Industry, Science and Resources (2025), AI Adoption Tracker. Available [here](#).

⁶ Manufacturing Industry Skills Alliance (2024), Manufacturing Workforce Plan 2024. Available [here](#).

Key terms & Methodology

Key terms

- ◆ Gross value added (GVA) - The value of output at basic prices less the value of intermediate consumption at purchasers' prices. It measures the net economic contribution of enterprises to the economy.
- ◆ MYOB SME Performance Indicator - An index of total SME GVA, benchmarked to January 2020.
- ◆ Per employee basis - Measures metrics such as GVA, income, expenses, or payroll relative to the number of employees.
- ◆ Productivity - Output per employee or per unit of input, calculated as the ratio of GVA to the number of employees.
- ◆ Profitability - Measured as income minus expenses per employee.
- ◆ Sectors - Classified according to the ABS's ANZSIC framework. Some sector names may be shortened in reports for practical purposes.
- ◆ SME - Businesses employing 1-19 employees.

Methodology

The methodology for computing SME Gross Value Added (GVA) follows the National Accounts income approach framework. SME GVA is derived as the sum of gross operating surplus, compensation of employees, and taxes less subsidies on production. Data is sourced from MYOB anonymised monthly data, supplemented with data from the Australian Bureau of Statistics (ABS) and the Reserve Bank of Australia (RBA).

Note: There may be fluctuations in historical estimation as the MYOB and ABS data is revised and new data from the ABS becomes available. The calculation of SME GVA estimates involves two key elements - SME GVA per employee and employment. These elements are estimated individually by sector and multiplied to produce GVA per sector. These sector GVA estimates are then summed to produce total SME GVA. The MYOB Performance Indicator is then created by converting total SME GVA into an indexed time series.

Number of employees

SME employee numbers for each sector are estimated using ABS Australian Industry data, which provides annual data for June on employment in businesses with 1-19 employees. The ABS does not disclose this data for the financial services sector, so its SME employment is calculated by estimating the share of total financial services employment in businesses with 1-19 employees from the ABS Counts of Australian Businesses data and applying this to total finance sector employment figures.

The total SME employment is then interpolated between this June benchmark to monthly frequency using ABS Weekly Payroll Growth rates. For individual sectors, monthly movements interpolated using MYOB employment growth data and then normalised to the total SME

employment estimated outlined above for each month. These employment estimates are then seasonally adjusted.

Given the two-month lag in official ABS Weekly Payroll data, latest employment figures are forecasted by sector using flexible least squares regression of the ABS series on the MYOB employment.

Gross Value Added (GVA) per employee

From the MYOB dataset, anonymised business-level data is extracted for income, expenses, payroll, and number of employees. Individual business data is aggregated by sector based on the ABS ANZ SI Classification. Income, expenses and payroll components are converted to a per-employee basis and seasonally adjusted.

Seasonally adjusted taxes less subsidies on production and imports data is sourced from ABS National Accounts for each sector. The data is converted from quarterly to monthly by distributing equally across months in each quarter. To convert to per-employee terms, total sector employment data from ABS Australian Industry statistics (annual) is used as a June benchmark for each year, with monthly movements between these benchmarks estimated using ABS Weekly Payroll data.

Given the one-quarter lag in ABS taxes less subsidies data, the latest quarter is estimated using the stable historic ratio of taxes less subsidies to gross operating surplus.

All GVA components are then converted to real terms using sector-specific deflators computed as the ratio of current to constant prices from ABS National Accounts. The data lags one quarter, so the next quarter is forecast using RBA inflation rates. Quarterly deflators are converted to monthly using linear interpolation.

The background features a minimalist, abstract design. It consists of several overlapping circles in shades of blue, white, and light purple. The circles are arranged in a way that suggests depth and movement, with some appearing to overlap others. The overall aesthetic is clean and modern, with a focus on color and form.

myob everyone's
business