



Small Business Momentum Survey



Small
Business
Commissioner

April 2023

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 April 2023.

Small business confidence rose between March and April, increasing by 5 percentage points to 35 per cent.

Businesses continue to report challenging trading conditions. Increasing input costs (including energy, fuel, materials, rent and wages), staff shortages, higher interest rates, economic uncertainty and weaker customer demand were cited as factors weighing on confidence in April.

Expectations about revenue and profitability improved marginally in April, with 12 per cent of businesses expecting profitability to increase over the next three months, up 1 percentage point from March. Concerns and impacts relating to inflation and consumer spending may have contributed to the dampened outlook reported by some businesses.

The online survey was completed between 1 and 30 April with more than 600 small businesses across NSW responding.

	Confidence	Previous month
	35 per cent of businesses indicated they were confident about their individual business prospects.	↑
	83 per cent of businesses indicated they were concerned about the cost of business inputs.	↑
	Obtaining supplies has fallen 20 percentage points as a business concern since June 22.	↓
	50 per cent of businesses that have plans to expand are looking to hire additional staff.	↑
	31 per cent of businesses indicated they have plans to grow, alter or expand operations.	↓
	12 per cent expect profitability to increase, compared to 38 per cent expecting a decline.	↑
	18 per cent expect revenue to increase, compared to 29 per cent expecting a decline.	↑
	25 per cent of businesses indicated they were confident about their local economy.	↑



“Customer spending has fallen significantly over the last 6 months due to the cost of living and interest rates”.

Business conditions



Business conditions improved in April after moderating over the previous two months, with the business outlook partially supported by the RBA’s decision to leave the cash rate unchanged. Despite the improvement, business conditions remain subdued with high inflation and recent interest rate increases creating testing trading conditions.

The number of businesses looking at new ways of doing business fell in April, decreasing by 5 percentage points to 31 per cent, the lowest result recorded in the history of the survey. Of those businesses with plans to expand, the percentage of businesses looking to establish or expand their online business rose significantly, increasing by 6 percentage points to 32 per cent.

The percentage of small businesses expecting an increase in revenue and profitability over the next three months, increased moderately. Eighteen per cent of business expect revenue to increase over the next three months, up 3 per centage points from March.

Confidence

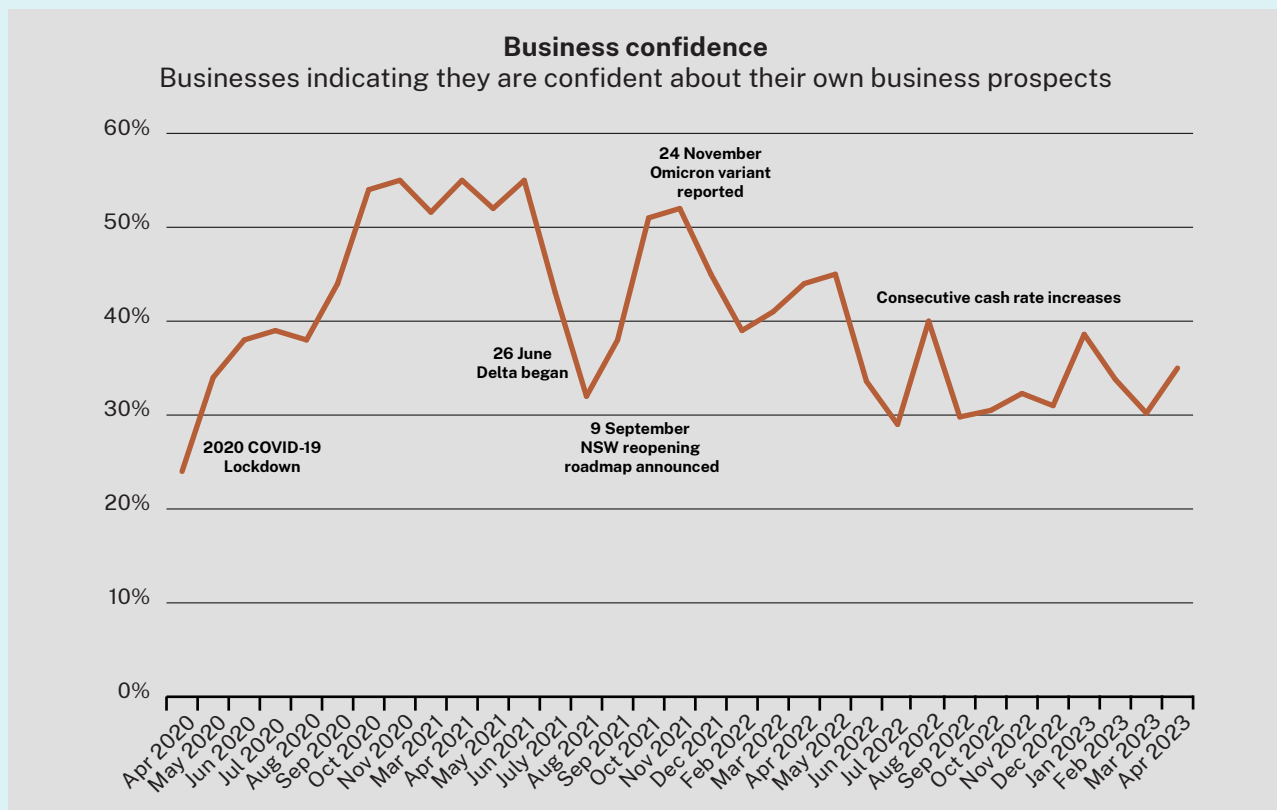
Small business confidence increased by 5 percentage points in April to 35 per cent. Despite improved confidence levels, there are more businesses worried (38 per cent) about their individual business prospects than those that are confident.

Business performance

Business performance indicators improved in April after declining for two consecutive months. The percentage of businesses indicating they expect revenue and profitability to decline remains larger compared to those that expect an improvement.

The business environment

The cost of business inputs is the top concern for small businesses for a thirteenth consecutive month, with 83 per cent expressing concern. The next highest concerns were predicted retail electricity and gas price increases, followed by cash flow and availability of working capital, with 70 per cent and 69 per cent expressing concern respectively.

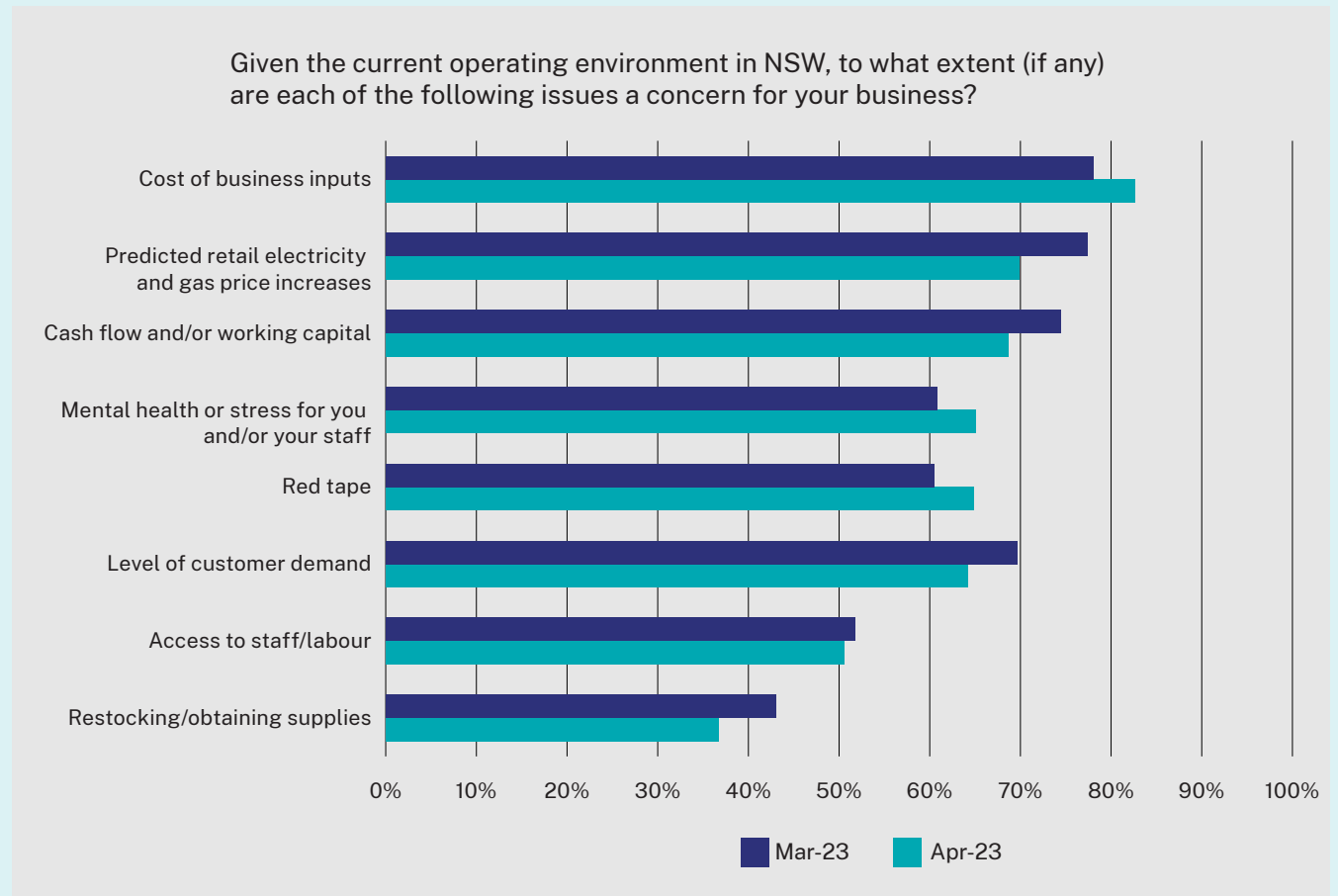


Business conditions



“The cost of ingredients and wages has increased dramatically, we will need to cut staff back soon just to keep the doors open.”

Business concerns



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	April 2023	March 2023	April 2023	March 2023
Extremely confident	↓ 6.8%	7.3%	↓ 2.6%	2.9%
Fairly confident	↑ 28.2%	22.8%	↑ 22.8%	15.2%
About the same	↓ 27.2%	27.7%	↓ 30.0%	32.2%
Fairly worried	↓ 27.0%	31.6%	↓ 35.2%	39.0%
Extremely worried	↑ 10.9%	10.6%	↓ 9.4%	10.8%
Extremely or fairly confident	↑ 35.0%	30.2%	↑ 25.4%	18.0%

Business size	n	% sample	Confidence*	Previous month
Non employing	281	43.6%	34.7%	↑
1 – 4 employees	220	34.2%	35.9%	↑
5 – 19 employees	106	16.5%	30.2%	↓
20 – 199 employees	37	5.7%	44.6%	↑
Total	644	100.0%	35.0%	↑

Location	n	% sample	Confidence*	Previous month
Greater Sydney	364	57.1%	34.9%	↑
Regional and Rural NSW	274	42.9%	34.7%	↑
Total	638	100.0%	35.0%	↑

[#]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	42	6.5%	32.5%	↑
Mining	3	0.5%	66.7%	↑
Manufacturing	26	4.0%	16.0%	↓
Electricity, Gas, Water and Waste Services	8	1.2%	25.0%	↑
Construction	98	15.2%	30.1%	↓
Wholesale Trade	16	2.5%	31.3%	↑
Retail Trade	82	12.7%	27.3%	↑
Accommodation and Food Services	15	2.3%	7.1%	↓
Transport, Postal and Warehousing	30	4.7%	23.3%	↑
Information Media and Telecommunications	27	4.2%	60.9%	↑
Financial and Insurance Services	20	3.1%	25.0%	↓
Rental, Hiring and Real Estate Services	26	4.0%	44.0%	↑
Professional, Scientific and Technical Services	53	8.2%	56.0%	↑
Administrative and Support Services	14	2.2%	69.2%	↑
Public Administration and Safety	0	0.0%	N/A	N/A
Education and Training	17	2.6%	53.3%	↑
Health Care and Social Assistances	47	7.3%	26.7%	↓
Arts and Recreation Services	15	2.3%	28.6%	↑
Other Services	105	16.3%	23.2%	↑
Total	644	100.0%	35.0%	↑

*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 [#]	
	April 23	March 23	April 23	March 23	April 23	March 23	April 23	March 23
Increase	↑ 15.9%	14.1%	↑ 18.5%	15.7%	↓ 9.1%	9.6%	↑ 12.2%	10.8%
No change	↓ 40.3%	45.5%	↓ 43.8%	45.6%	↓ 34.6%	36.9%	↑ 41.1%	40.8%
Decrease	↑ 42.4%	39.1%	↓ 29.3%	30.5%	↑ 54.5%	51.2%	↓ 38.4%	39.6%
Unsure	↑ 1.4%	1.3%	↑ 8.4%	8.1%	↓ 1.8%	2.3%	↓ 8.4%	8.9%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	April 23	March 23
Yes	↓ 30.7%	35.6%
No	↑ 52.3%	44.8%
Unsure	↓ 17.0%	19.6%

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

Nature of plans (of those who indicated 'yes') [~]		
	April 23	March 23
We have plans to hire additional staff	↑ 50.3%	46.7%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 42.5%	38.8%
We have plans to establish or expand our online business	↑ 31.8%	26.0%
We have plans to improve the range and/or quality of our products and services	↓ 52.6%	52.8%
Other	↓ 14.5%	18.0%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=182.

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 red tape**
- **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



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www.smallbusiness.nsw.gov.au



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Methodology

Fieldwork conducted between 1 April to 30 April 2023 with 644 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.

