



Small Business Momentum Survey



Small
Business
Commissioner

February 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 February 2023.

Small business confidence moderated between January and February, decreasing by 5 percentage points to 34 per cent. The Reserve Bank lifting the official cash rate to 3.35 per cent for a record ninth consecutive hike this month may have contributed to the decline in confidence levels.

Businesses continue to report challenging trading conditions. Concerns and impacts related to inflation and staff shortages continue to be cited as factors weighing on confidence in February.

Expectations about revenue and profitability weakened in February, with 14 per cent of businesses expecting profitability to increase over the next three months, down 3 percentage points from January. Seasonal trading patterns post-Christmas and concerns about consumer spending appear to account for the expected decline in profitability reported by some respondents.

The online survey was completed between 1 and 28 February with more than 700 small businesses across NSW responding.



Confidence

34 per cent of businesses indicated they were confident about their individual business prospects.



Concerns

83 per cent of businesses indicated they were concerned about the cost of business inputs.



Challenges

The RBA increasing interest rates to 3.35 per cent for a record ninth consecutive hike.



Staff

45 per cent of businesses that have plans to expand are looking to hire additional staff.



Expansion

37 per cent of businesses indicated they have plans to grow, alter or expand operations.



Profitability

14 per cent expect profitability to increase, compared to 42 per cent expecting a decline.



Revenue

21 per cent expect revenue to increase, compared to 29 per cent expecting a decline.



Local economy

22 per cent of businesses indicated they were confident about their local economy.



Confidence down
in February

“I’m worried about the future, customers are not spending money due to increased interest rates and other living costs.”

Business conditions



Confidence levels fell in February, paring back some of the gains made in January. Some moderation was expected due to seasonal factors as well as the resumption of monetary policy tightening with the RBA increasing interest rates on the ninth consecutive occasion.

The number of businesses looking at new ways of doing business declined marginally in February. Thirty-seven per cent of businesses indicated they currently have plans to grow, alter or expand their operations (down from 38 per cent in January). Of those businesses with plans to expand, the percentage of businesses looking to hire additional staff and/or purchase/rent additional property, plant and/or equipment fell significantly, dropping 8 percentage points each to 45 and 35 per cent respectively.

The percentage of businesses expecting an increase in revenue and profitability over the next three months decreased moderately. Twenty-one per cent of businesses expect revenue to increase over the next three months, down 2 percentage points from January.

Confidence

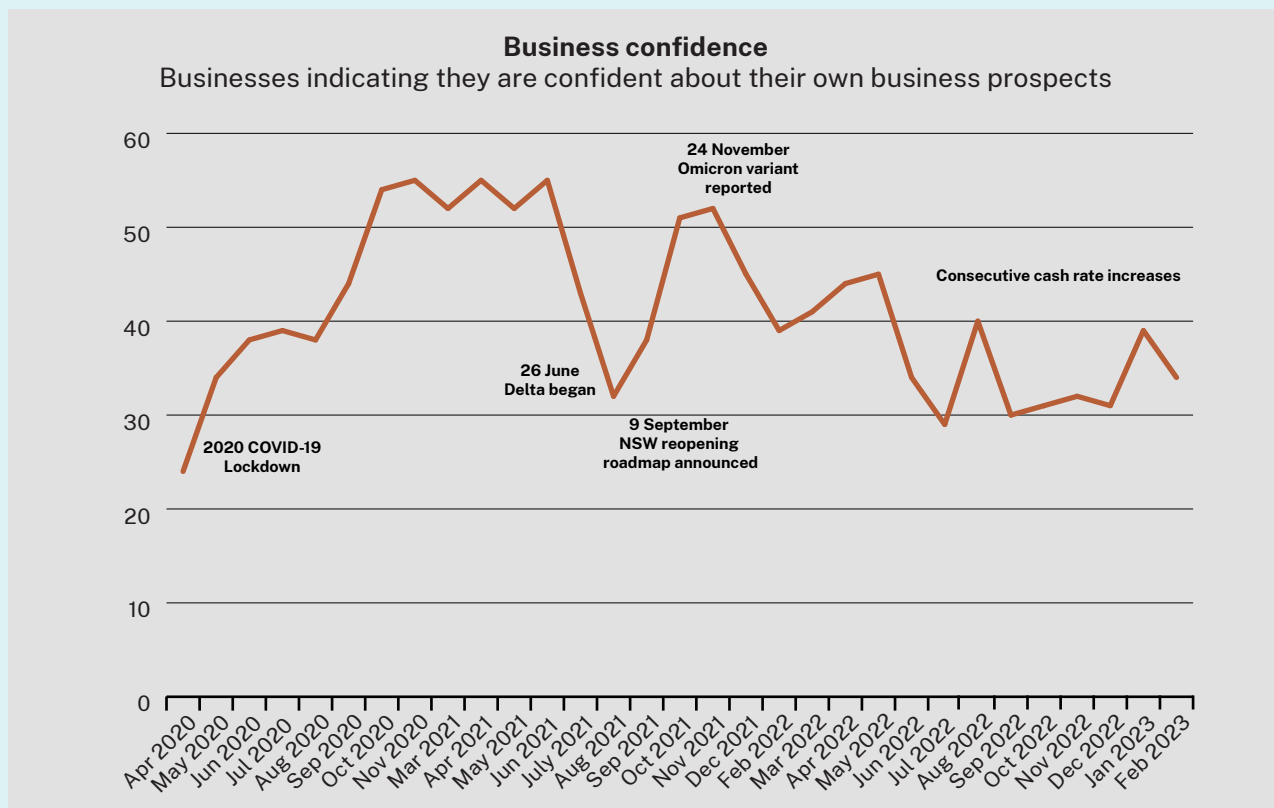
Small business confidence decreased by 5 percentage points in February to 34 per cent. Regional businesses are significantly more confident (40 per cent) about their own prospects than businesses in Greater Sydney (29 per cent).

Business performance

Business performance indicators moderated in February after improving in January. The percentage of businesses indicating they expect revenue and profits 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 an eleventh 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 75 and 71 per cent expressing concern respectively.

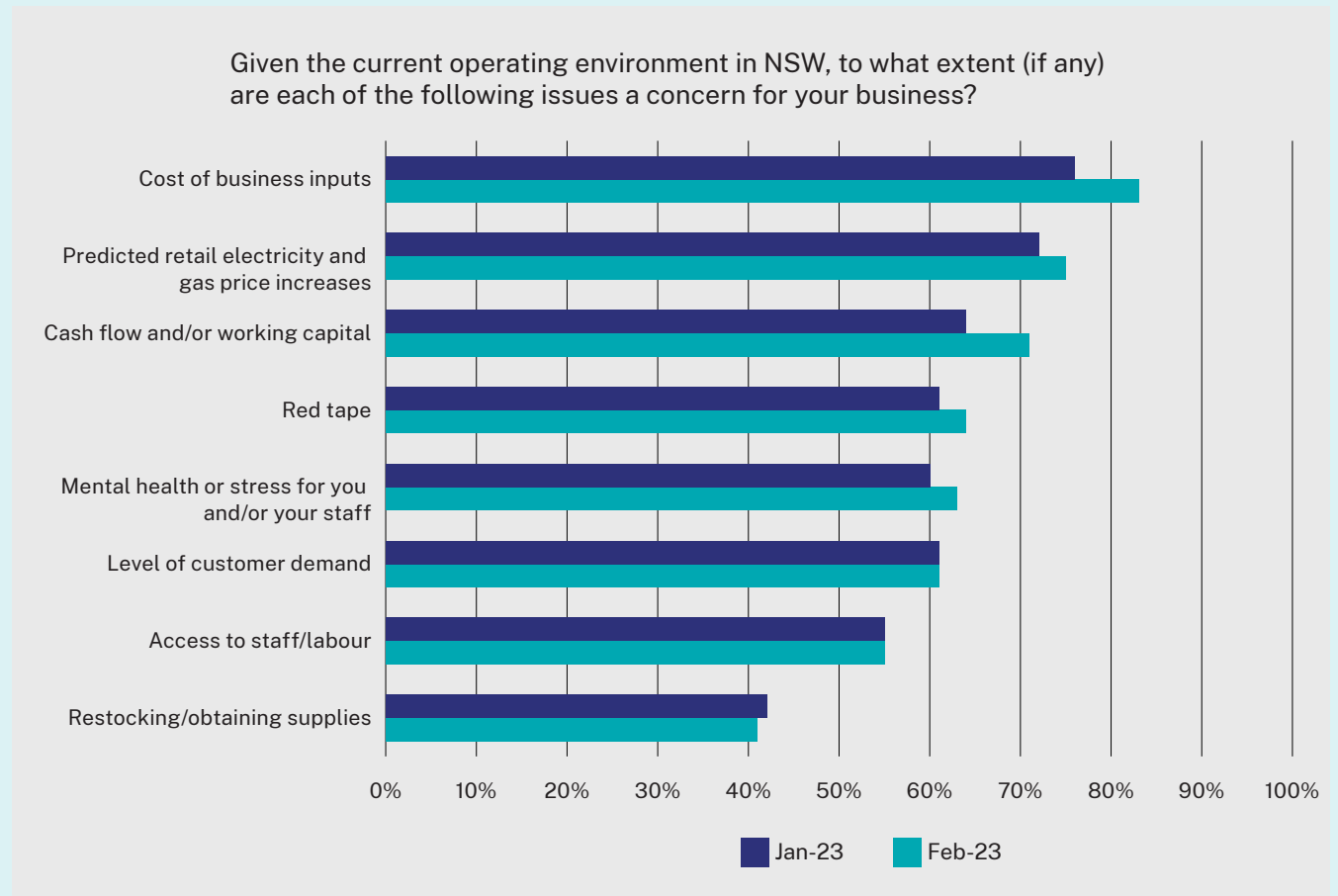


Business conditions



“The rising cost of doing business is putting pressure on our margins, including inputs, utilities, insurances and business services.”

Business concerns



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	February 2023	January 2023	February 2023	January 2023
Extremely confident	6.5%	7.9%	1.1%	2.5%
Fairly confident	27.3%	30.7%	20.9%	24.9%
About the same	26.3%	28.7%	30.6%	32.9%
Fairly worried	28.9%	23.6%	38.7%	32.3%
Extremely worried	11.0%	9.2%	8.6%	7.4%
Extremely or fairly confident	33.8%	38.6%	22.1%	27.3%

Business size	n	% sample	Confidence*
Non employing	245	33.6%	31.8%
1 – 4 employees	244	33.4%	32.9%
5 – 19 employees	192	26.3%	40.6%
20 – 199 employees	49	6.7%	28.6%
Total	730	100.0%	33.8%

Location	n	% sample	Confidence*
Greater Sydney	392	54.7%	29.3%
Regional and Rural NSW	325	45.3%	39.6%
Total	717	100.0%	33.8%

[#]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*
Agriculture, Forestry and Fishing	36	4.9%	23.5%
Mining	4	0.5%	50.0%
Manufacturing	33	4.5%	17.2%
Electricity, Gas, Water and Waste Services	10	1.4%	33.3%
Construction	91	12.5%	34.5%
Wholesale Trade	13	1.8%	27.3%
Retail Trade	94	12.9%	19.0%
Accommodation and Food Services	108	14.8%	16.2%
Transport, Postal and Warehousing	17	2.3%	60.0%
Information Media and Telecommunications	17	2.3%	31.3%
Financial and Insurance Services	43	5.9%	34.1%
Rental, Hiring and Real Estate Services	24	3.3%	37.5%
Professional, Scientific and Technical Services	65	8.9%	38.1%
Administrative and Support Services	6	0.8%	33.3%
Public Administration and Safety	1	0.1%	100.0%
Education and Training	18	2.5%	25.0%
Health Care and Social Assistances	38	5.2%	32.4%
Arts and Recreation Services	18	2.5%	46.7%
Other Services	94	12.9%	27.7%
Total	730	100.0%	33.8%

*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 [#]	
	February 23	January 23	February 23	January 23	February 23	January 23	February 23	January 23
Increase	17.0%	19.9%	20.8%	22.8%	6.2%	11.1%	13.7%	16.5%
No change	38.5%	41.7%	42.7%	45.7%	32.1%	40.0%	35.7%	41.6%
Decrease	43.2%	36.5%	29.4%	26.3%	57.5%	46.6%	41.6%	36.6%
Unsure	1.3%	1.9%	7.1%	5.2%	4.3%	2.3%	9.1%	5.3%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	February 23	January 23
Yes	36.9%	37.7%
No	49.2%	46.7%
Unsure	13.9%	15.6%

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

Nature of plans (of those who indicated 'yes') [~]		
	February 23	January 23
We have plans to hire additional staff	45.3%	53.6%
We have plans to purchase/rent additional property, plant and/or equipment	35.1%	43.3%
We have plans to establish or expand our online business	27.9%	25.6%
We have plans to improve the range and/or quality of our products and services	49.5%	52.3%
Other	16.9%	15.9%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=240.

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



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1300 795 534



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Methodology

Fieldwork conducted between 1 February to 28 February 2023 with 730 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.