



Small Business Momentum Survey



Small
Business
Commissioner

October 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 October 2023.

Small business confidence stabilised between September and October, decreasing by one percentage point to 31 per cent. Despite the decline, confidence levels have been broadly stable in recent months, coinciding with the RBA's decision to continue to leave the cash rate unchanged. While speculation of further rate rises may have impacted sentiment, overall momentum has picked up with stronger trading conditions expected in the lead-up to Christmas. The Momentum Index (which is a composite measure tracking underlying business momentum) entered expansionary territory for the first time.

Businesses continue to report challenging conditions. Elevated input costs, including fuel, insurance, materials, rents, wages and utilities were reported as impacting small businesses. Staff shortages, higher interest rates, exchange rates, climate and weather-related risks, global instability and weaker customer demand were also cited as factors weighing on confidence.

Expectations about revenue and profitability improved in October. One in seven (14 per cent) businesses expect profitability to increase over the next three months, up 3 percentage points from September.

The online survey was completed between 3 and 31 October with more than 600 small businesses across NSW responding.

		Previous month
	Confidence 31 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.	↑
	Momentum The Momentum Index increased by 4.4 points, reaching 103.8.	↑
	Staff 52 per cent of businesses that have plans to expand are looking to hire additional staff.	↑
	Expansion 36 per cent of businesses indicated they have plans to grow, alter or expand operations.	↑
	Profitability 14 per cent expect profitability to increase, compared to 38 per cent expecting a decline.	↑
	Revenue 20 per cent expect revenue to increase, compared to 30 per cent expecting a decline.	↑
	Local economy 17 per cent of businesses indicated they were confident about their local economy.	↓



"Overheads are increasing and consumers are simply not spending like they used to".

*See page 8 for more information on the Momentum Index.

Business conditions



Business conditions improved in October despite confidence levels decreasing marginally. The Momentum Index increased for a fourth consecutive month with businesses reporting stronger revenue and profitability expectations in the lead up to Christmas.

The number of businesses looking at new ways of doing business rose in October, increasing by 3 percentage points to 36 per cent, just above the series average of 35 per cent. Of those businesses with plans to expand, the percentage of businesses looking to increase their headcount remains high, with one in two (52 per cent) businesses indicating they have plans to hire additional staff.

The percentage of businesses expecting an increase in revenue improved in October. Twenty per cent of businesses expect revenue to increase over the next three months, up 3 percentage points from September.

Confidence

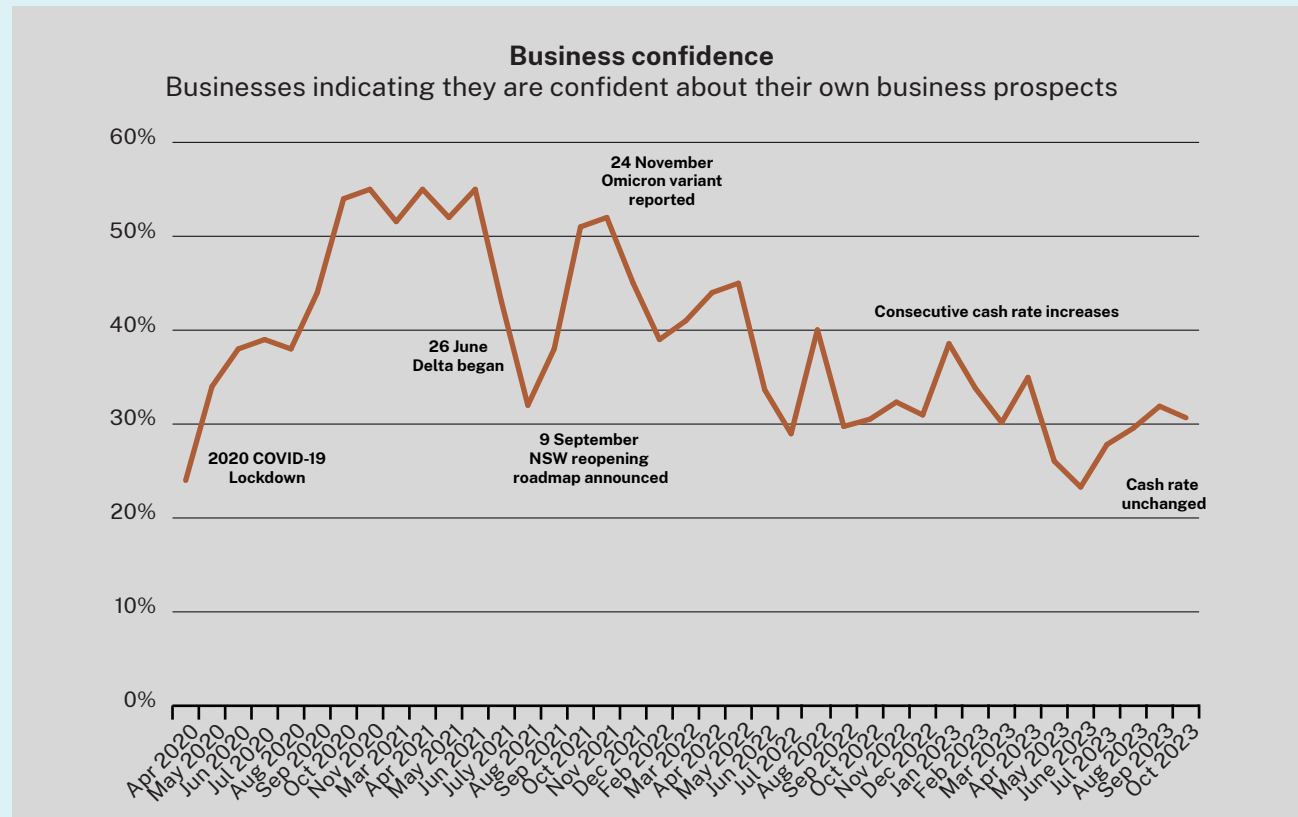
Small business confidence decreased by one percentage point in October to 31 per cent. There are more businesses worried (41 per cent) about their individual business prospects than those that are confident.

Business performance

Business performance indicators improved in October. While the percentage of businesses indicating they expect revenue and profits to decline remains larger compared to those that expect an improvement, the gap has closed significantly.

The business environment

The cost of business inputs is the top concern for small businesses for a nineteenth consecutive month, with 83 per cent expressing concern. The next highest concerns were predicted retail electricity and gas price increases, followed by cash and the availability of working capital, with 73 and 69 per cent expressing concern respectively.

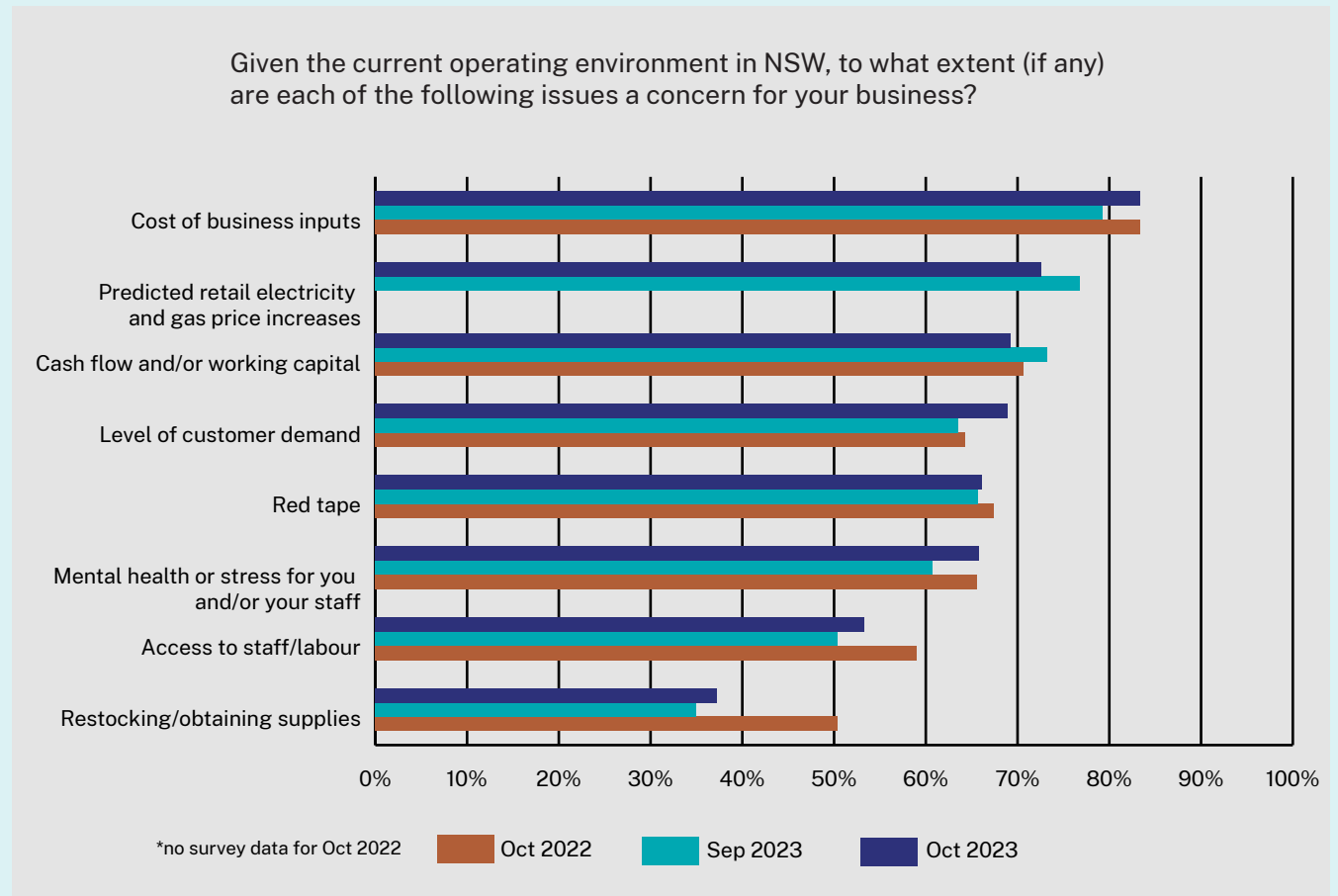


Business conditions



“Qualified and experienced staff are still hard to find, especially for more senior positions.”

Business concerns



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	October 2023	September 2023	October 2023	September 2023
Extremely confident	↓ 5.9%	7.9%	↓ 1.7%	2.4%
Fairly confident	↑ 24.7%	24.0%	↑ 15.6%	17.1%
About the same	↑ 28.0%	26.7%	↑ 34.2%	32.3%
Fairly worried	↑ 29.4%	29.0%	↑ 37.6%	36.6%
Extremely worried	↓ 11.9%	12.4%	↓ 10.9%	11.6%
Extremely or fairly confident	↓ 30.7%	31.9%	↓ 17.3%	19.5%

Business size	n	% sample	Confidence*	Previous month
Non employing	272	40.2%	24.0%	↓
1 – 4 employees	225	33.2%	37.0%	↑
5 – 19 employees	139	20.5%	30.7%	↑
20 – 199 employees	41	6.1%	35.6%	↓
Total	677	100.0%	30.7%	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	379	56.7%	29.5%	↓
Regional and Rural NSW	290	43.3%	32.5%	↑
Total	669	100.0%	30.7%	↓

[#]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	56	8.3%	10.7%	↑
Mining	2	0.3%	50.0%	↑
Manufacturing	46	6.8%	38.6%	↑
Electricity, Gas, Water and Waste Services	13	1.9%	16.7%	↓
Construction	94	13.9%	31.1%	↓
Wholesale Trade	21	3.1%	40.0%	↑
Retail Trade	36	5.3%	24.2%	↑
Accommodation and Food Services	15	2.2%	23.1%	↓
Transport, Postal and Warehousing	33	4.9%	21.9%	↓
Information Media and Telecommunications	24	3.5%	25.0%	↓
Financial and Insurance Services	34	5.0%	42.4%	↓
Rental, Hiring and Real Estate Services	34	5.0%	27.3%	↓
Professional, Scientific and Technical Services	71	10.5%	40.3%	↑
Administrative and Support Services	17	2.5%	43.8%	-
Public Administration and Safety	0	0.0%	N/A	N/A
Education and Training	24	3.5%	41.7%	↓
Health Care and Social Assistances	52	7.7%	31.9%	↑
Arts and Recreation Services	14	2.1%	35.7%	↑
Other Services	91	13.4%	23.8%	↓
Total	677	100.0%	30.7%	↓

*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 [#]	
	October 2023	September 2023	October 2023	September 2023	October 2023	September 2023	October 2023	September 2023
Increase	↑ 15.8%	14.3%	↑ 19.5%	16.6%	↑ 11.8%	9.1%	↑ 14.1%	12.2%
No change	↓ 37.1%	38.8%	↓ 42.1%	42.3%	↓ 29.7%	36.2%	↑ 40.7%	38.5%
Decrease	↑ 44.6%	44.5%	↓ 30.4%	32.5%	↑ 55.4%	52.0%	↓ 37.8%	41.3%
Unsure	↓ 2.4%	2.5%	↓ 7.9%	8.5%	↑ 3.1%	2.7%	↓ 7.3%	8.0%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	October 2023	September 2023
Yes	↑ 36.2%	33.1%
No	↓ 48.4%	52.2%
Unsure	↑ 15.4%	14.7%

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

Nature of plans (of those who indicated 'yes') [~]		
	October 2023	September 2023
We have plans to hire additional staff	↑ 52.4%	50.4%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 34.0%	35.0%
We have plans to establish or expand our online business	↑ 30.0%	27.7%
We have plans to improve the range and/or quality of our products and services	↑ 54.0%	53.3%
Other	↑ 20.5%	18.6%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=224.

Detailed results

Momentum Index

	Momentum Index	Previous month
May 2023	87.3	N/A
June 2023	82.5	↓
July 2023	84.2	↑
August 2023	88.7	↑
September 2023	99.4	↑
October 2023	103.8	↑

About the Momentum Index

The Momentum Index (the Index) is forward-looking and combines a variety of indicators to provide a better overall measure of small business conditions in NSW.

The Index is comprised of three core indicators, including business decisions to hire staff or purchase capital equipment, their recent performance and expectations of their near-term performance.

The Index measures current sentiment and business performance relative to recent levels. A recording above 100 implies businesses are in an expansionary phase and picking up momentum. A recording below 100 implies businesses are in a contractionary phase and slowing down in momentum.

Please contact the Small Business Commission for more information about methodology.

About the Commission



Small
Business
Commissioner

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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Methodology

Fieldwork conducted between 3 October to 31 October 2023 with 677 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.