



# Small Business Momentum Survey



Small  
Business  
Commissioner

November 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 November 2023.

Small business confidence remained stable between October and November, decreasing by 1 percentage point to 30 per cent. Overall momentum has slowed down with the percentage of businesses with plans for hiring additional staff declining significantly.

Businesses continue to report challenging trading conditions. Escalating input costs, including fuel, 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 declined in November despite the upcoming Christmas and holiday period. One in ten (9 per cent) businesses expect profitability to increase over the next three months, down 5 percentage points from October. The RBA's decision to resume monetary policy tightening may have contributed to the pessimistic outlook reported by some businesses.

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

		Previous month
	<b>Confidence</b> 30 per cent of businesses indicated they were confident about their individual business prospects.	↓
	<b>Concerns</b> 81 per cent of businesses indicated they were concerned about the cost of business inputs.	↓
	<b>Momentum</b> The Momentum Index decreased by 8.8 points, to 95.1 after exceeding 100 for the first time.	↓
	<b>Staff</b> 35 per cent of businesses that have plans to expand are looking to hire additional staff.	↓
	<b>Expansion</b> 37 per cent of businesses indicated they have plans to grow, alter or expand operations.	↑
	<b>Profitability</b> 9 per cent expect profitability to increase, compared to 47 per cent expecting a decline.	↓
	<b>Revenue</b> 15 per cent expect revenue to increase, compared to 40 per cent expecting a decline.	↓
	<b>Local economy</b> 14 per cent of businesses indicated they were confident about their local economy.	↓



"The costs of running a small business has become too high to be worth the risk and hard work".

\*See page 9 for more information on the Momentum Index.

# Business conditions



Business conditions deteriorated in November, coinciding with the RBA's decision to lift interest rates to a 12-year high of 4.35 per cent.

The number of businesses looking at new ways of doing business rose again in November, increasing by 1 percentage point to 37 per cent, slightly above the series average of 35 per cent. Of those businesses with plans to expand, the percentage looking to hire additional staff fell significantly, decreasing by 18 percentage points to 35 per cent, a record low.

The percentage of businesses expecting an increase in revenue decreased in November. Fifteen per cent of businesses expect revenue to increase over the next three months, down 4 percentage points from October and 1 percentage point from the same time last year.

## Confidence

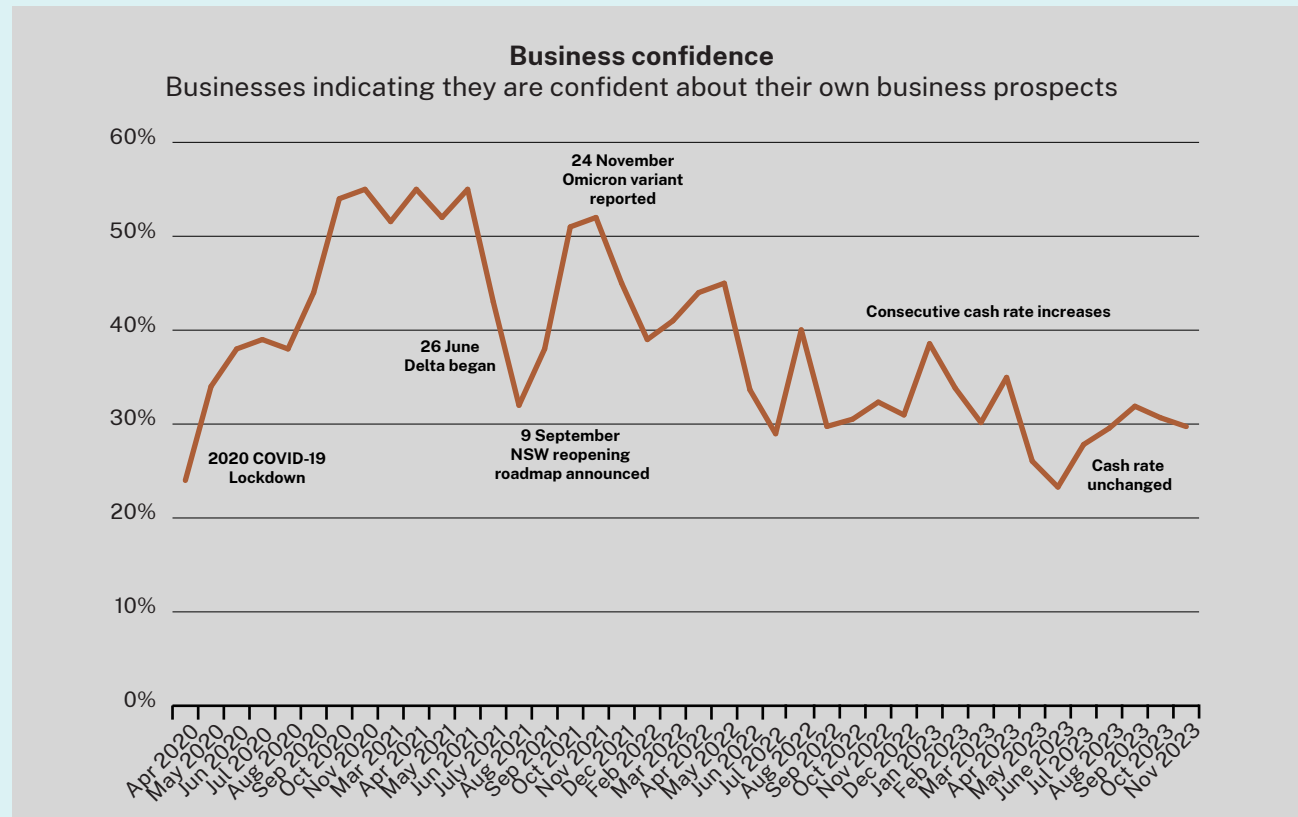
Small business confidence decreased by one percentage point again in November to 30 per cent. There continues to be more businesses worried (44 per cent) about their individual business prospects than those that are confident.

## Business performance

Business performance indicators declined in November. The percentage of businesses indicating they expect revenue and profitability to decline continues to be significantly 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 twentieth consecutive month, with 81 per cent expressing concern. The next highest concerns were predicted retail electricity and gas price increases, followed by cashflow and availability of working capital, with 75 per cent and 73 per cent expressing concern respectively.

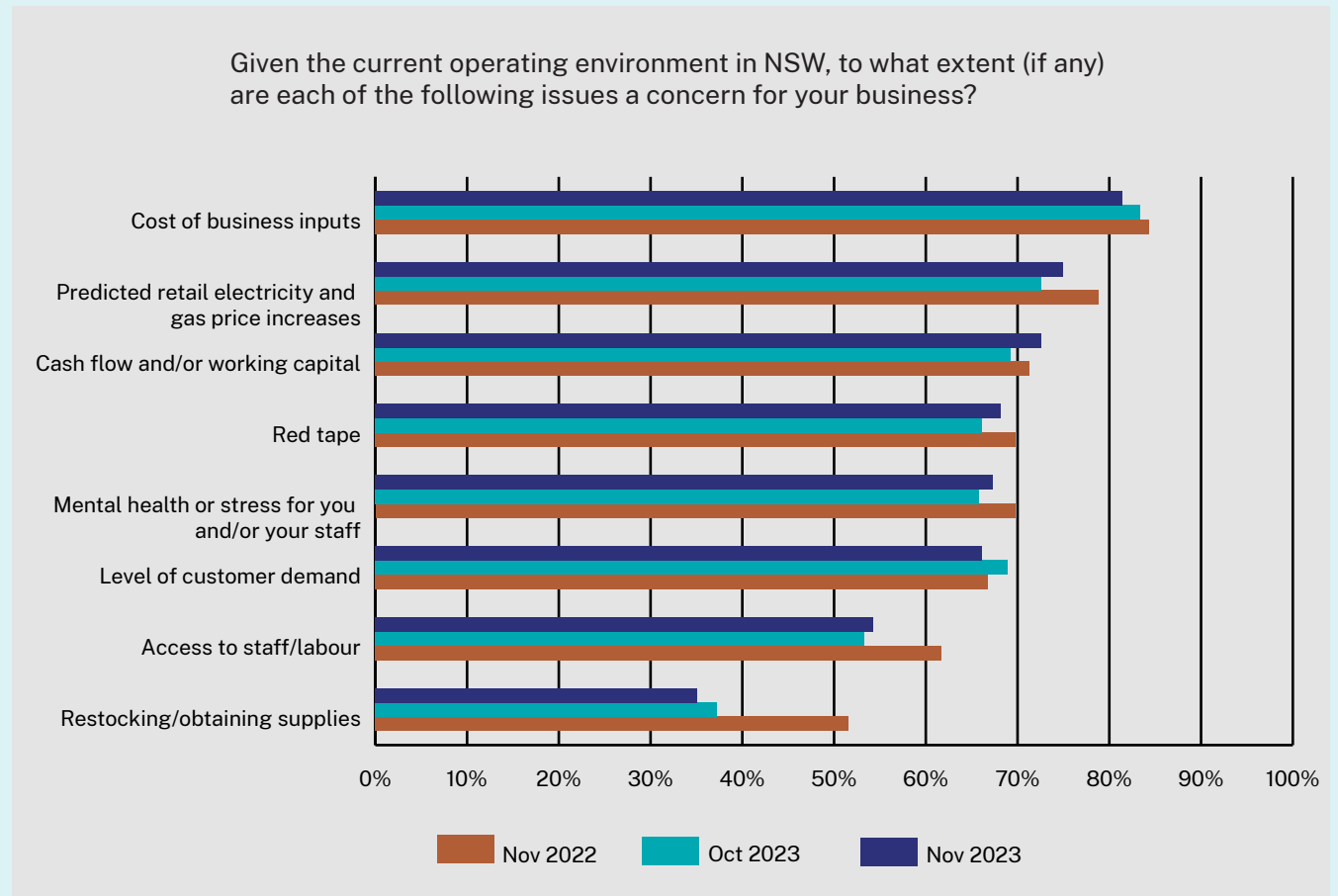


# Business conditions



“The cost of materials keeps increasing, making it impossible to give quotes for jobs that actually make profit.”

## Business concerns





"While we drought proof as much as possible, prolonged drought will force the business to close".

## Drought conditions

Businesses across NSW are facing challenging climate and weather-related risks, with one in four (27 per cent) businesses indicating they are currently impacted or anticipate they will be impacted, either directly or indirectly, by drought conditions. This figure is significantly higher for businesses in regional and rural NSW (45 per cent) than those in Greater Sydney (14 per cent).

Businesses reported concerns relating to:

- Lower yields, reduced livestock prices and increased production costs.
- Supply chain challenges, including increased prices and limited availability of essential agricultural products during drought periods.
- Increased bushfire risks and potential damage to livestock and property.
- Community well-being and mental health, with potential for increased mental health presentations.
- Negative impacts to the local economy, including reduced tourism, limited spending by both consumers and farmers and increased unemployment.

### Is your business currently impacted or do you anticipate your business will be impacted, either directly or indirectly, by drought conditions in NSW?

Location	n	Yes	No
Greater Sydney	347	13.5%	86.5%
Regional and Rural NSW	248	44.8%	55.2%
<b>NSW</b>	<b>599</b>	<b>26.5%</b>	<b>73.5%</b>

# Detailed results



## Confidence

	Confidence – in own business prospects <sup>#</sup>		Confidence – in local economy <sup>#</sup>	
	November 2023	October 2023	November 2023	October 2023
Extremely confident	↑ 7.1%	5.9%	↓ 1.3%	1.7%
Fairly confident	↓ 22.6%	24.7%	↓ 12.9%	15.6%
About the same	↓ 26.2%	28.0%	↓ 32.2%	34.2%
Fairly worried	↑ 33.6%	29.4%	↑ 42.5%	37.6%
Extremely worried	↓ 10.4%	11.9%	↑ 11.1%	10.9%
<b>Extremely or fairly confident</b>	<b>↓ 29.7%</b>	<b>30.7%</b>	<b>↓ 14.3%</b>	<b>17.3%</b>

Business size	n	% sample	Confidence*	Previous month
Non employing	266	39.5%	30.3%	↑
1 – 4 employees	214	31.8%	29.1%	↓
5 – 19 employees	136	20.2%	24.1%	↓
20 – 199 employees	57	8.5%	44.0%	↑
<b>Total</b>	<b>673</b>	<b>100.0%</b>	<b>29.7%</b>	<b>↓</b>

Location	n	% sample	Confidence*	Previous month
Greater Sydney	392	58.8%	32.0%	↑
Regional and Rural NSW	275	41.2%	26.9%	↓
<b>Total</b>	<b>667</b>	<b>100.0%</b>	<b>29.7%</b>	<b>↓</b>

<sup>#</sup>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	53	7.9%	29.4%	↑
Mining	7	1.0%	57.1%	↑
Manufacturing	36	5.3%	36.1%	↓
Electricity, Gas, Water and Waste Services	13	1.9%	46.2%	↑
Construction	102	15.2%	34.4%	↑
Wholesale Trade	19	2.8%	26.3%	↓
Retail Trade	50	7.4%	14.0%	↓
Accommodation and Food Services	33	4.9%	20.7%	↓
Transport, Postal and Warehousing	22	3.3%	22.7%	↑
Information Media and Telecommunications	17	2.5%	29.4%	↑
Financial and Insurance Services	31	4.6%	41.9%	↓
Rental, Hiring and Real Estate Services	27	4.0%	18.5%	↓
Professional, Scientific and Technical Services	75	11.1%	28.4%	↓
Administrative and Support Services	16	2.4%	28.6%	↓
Public Administration and Safety	0	0.0%	N/A	N/A
Education and Training	21	3.1%	23.8%	↓
Health Care and Social Assistances	42	6.2%	55.0%	↑
Arts and Recreation Services	8	1.2%	37.5%	↑
Other Services	101	15.0%	34.0%	↑
<b>Total</b>	<b>673</b>	<b>100.0%</b>	<b>29.7%</b>	↓

\*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 <sup>#</sup>		Revenue change – Expected over next 3 months <sup>#</sup>		Profitability change – Past 3 months <sup>#</sup>		Profitability change – Expected over next 3 months <sup>#</sup>	
	November 2023	October 2023	November 2023	October 2023	November 2023	October 2023	November 2023	October 2023
Increase	↓ 15.7%	15.8%	↓ 15.1%	19.5%	↓ 8.0%	11.8%	↓ 9.5%	14.1%
No change	↑ 37.3%	37.1%	↓ 40.0%	42.1%	↑ 32.3%	29.7%	↓ 38.5%	40.7%
Decrease	↑ 45.2%	44.6%	↑ 39.5%	30.4%	↑ 57.4%	55.4%	↑ 47.0%	37.8%
Unsure	↓ 1.7%	2.4%	↓ 5.3%	7.9%	↓ 2.3%	3.1%	↓ 5.0%	7.3%

<sup>#</sup>Revenue and profitability figures weighted according to industry share of the small business population.

## Business expansion

Plans to grow, alter, or expand business operations? <sup>#</sup>		
	November 2023	October 2023
Yes	↑ 37.1%	36.2%
No	↓ 47.5%	48.4%
Unsure	↑ 15.4%	15.4%

<sup>#</sup>Weighted according to industry share of the small business population.

Nature of plans (of those who indicated 'yes') <sup>~</sup>		
	November 2023	October 2023
We have plans to hire additional staff	↓ 34.8%	52.4%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 33.9%	34.0%
We have plans to establish or expand our online business	↓ 28.5%	30.0%
We have plans to improve the range and/or quality of our products and services	↑ 57.3%	54.0%
Other	↓ 17.8%	20.5%

<sup>~</sup>Respondents able to select multiple options; weighted according to industry share of the small business population; n=232.



# 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	↑
November 2023	95.1	↓

## 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



## 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 1 November to 30 November 2023 with 673 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.

