



# Small Business Momentum Survey



Small  
Business  
Commissioner

February 2024

# 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 2024.








Small business confidence stabilised between January and February, holding steady at 31 per cent. Confidence levels remain subdued amidst challenging trading conditions.

Rising input costs (including fuel, freight, insurance, materials, rent, wages and utilities), staff shortages, higher interest rates, compliance burdens and weaker customer demand were cited as factors weighing on confidence.

Expectations about revenue and profitability moderated between January and February, coinciding with the end of the holiday period. Fourteen per cent of businesses expect their profitability to improve over the next three months, down 4 percentage points from January.

The Momentum Index, which is a composite measure of underlying business trends, has accelerated in the early months of 2024 rising a further 3.4 points to 106.8. This is the first time the index has remained in expansionary territory for two consecutive months and reflects a strengthening in performance across the profitability, revenue and capital expenditure components in recent months.

The online survey was completed between 1 February and 29 February with more than 800 small businesses across NSW responding.

		Previous month
	<b>Confidence</b> 31 per cent of businesses indicated they were confident about their individual business prospects.	=
	<b>Concerns</b> 82 per cent of businesses indicated they were concerned about the cost of business inputs.	↑
	<b>Momentum*</b> The Momentum Index increased by 3.4 points, to 106.8.	↑
	<b>Staff</b> 48 per cent of businesses that have plans to expand are looking to hire additional staff.	↓
	<b>Expansion</b> 30 per cent of businesses indicated they have plans to grow, alter or expand operations.	↓
	<b>Profitability</b> 14 per cent expect profitability to increase, compared to 38 per cent expecting a decline.	↓
	<b>Revenue</b> 17 per cent expect revenue to increase, compared to 30 per cent expecting a decline.	↓
	<b>Local economy</b> 20 per cent of businesses indicated they were confident about their local economy.	=



"Meeting financial obligations has become increasingly challenging. The cost of goods has nearly doubled over the last few years but we can't double our prices".

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

# Business conditions



Business conditions weakened in February, with revenue and profitability moderating and concerns about costs increasing.

The number of businesses looking at new ways of growing, altering or expanding their operations declined in February, decreasing by 7 percentage points to 30 per cent. This represents a record low and falls below the series average of 35 per cent. Of those businesses with plans to expand, the percentage planning to hire additional staff remained stable, decreasing by one percentage point from January, to 48 per cent.

The percentage of businesses reporting an increase in revenue decreased in February. Seventeen per cent of businesses expect revenue to increase over the next three months, down 4 percentage points from January.

## Confidence

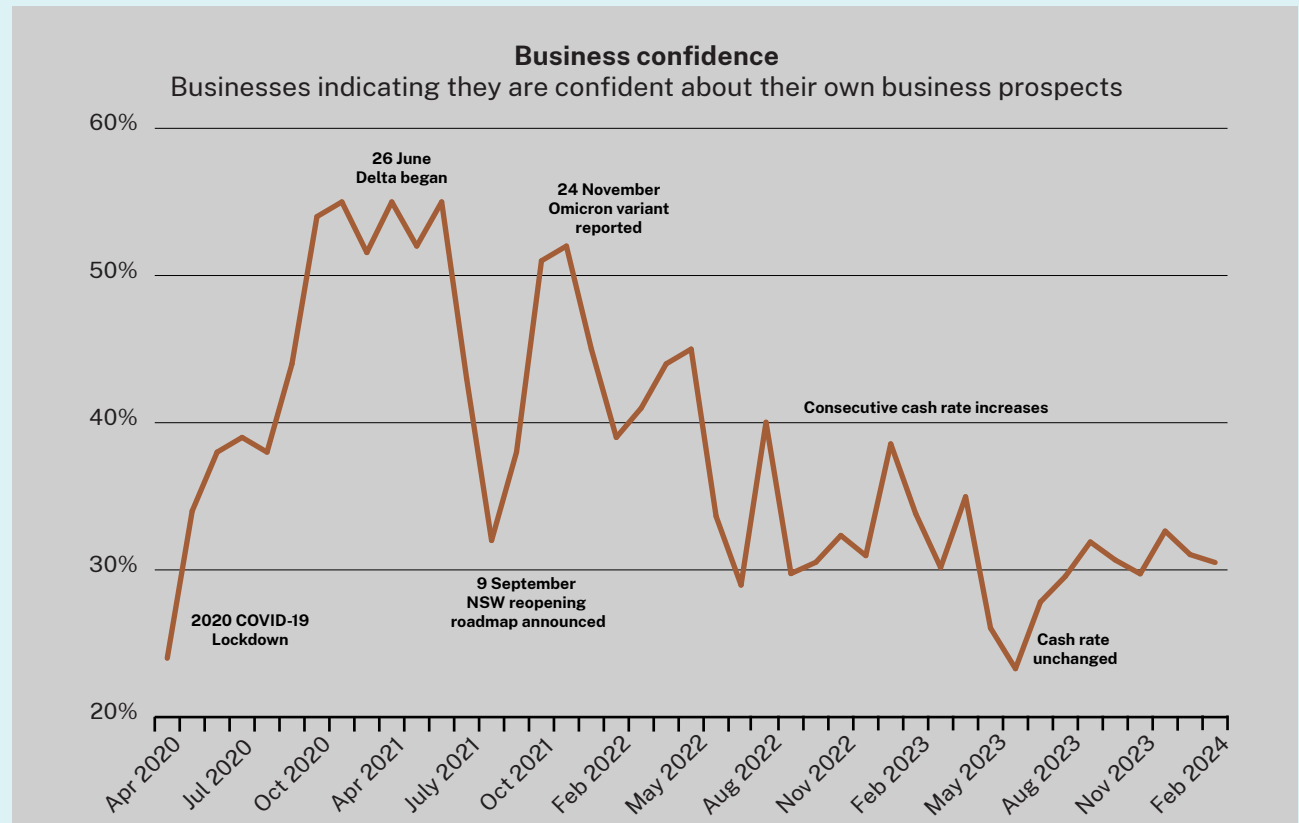
Small business confidence remains unchanged in February at 31 per cent. Employing businesses (32 per cent) remain more confident about their individual business prospects than non-employing businesses (28 per cent).

## Business performance

Business performance indicators moderated in February. The percentage of businesses indicating they expect revenue and profitability to decline remains significantly larger compared to those that expect an improvement.

## The business environment

The cost of business inputs remains the top concern for small businesses, with 82 per cent expressing concern, in line with the series average. The next highest concerns were predicted retail electricity and gas price increases, followed by cash flow and the availability of working capital, with 74 per cent and 70 per cent expressing concern respectively.

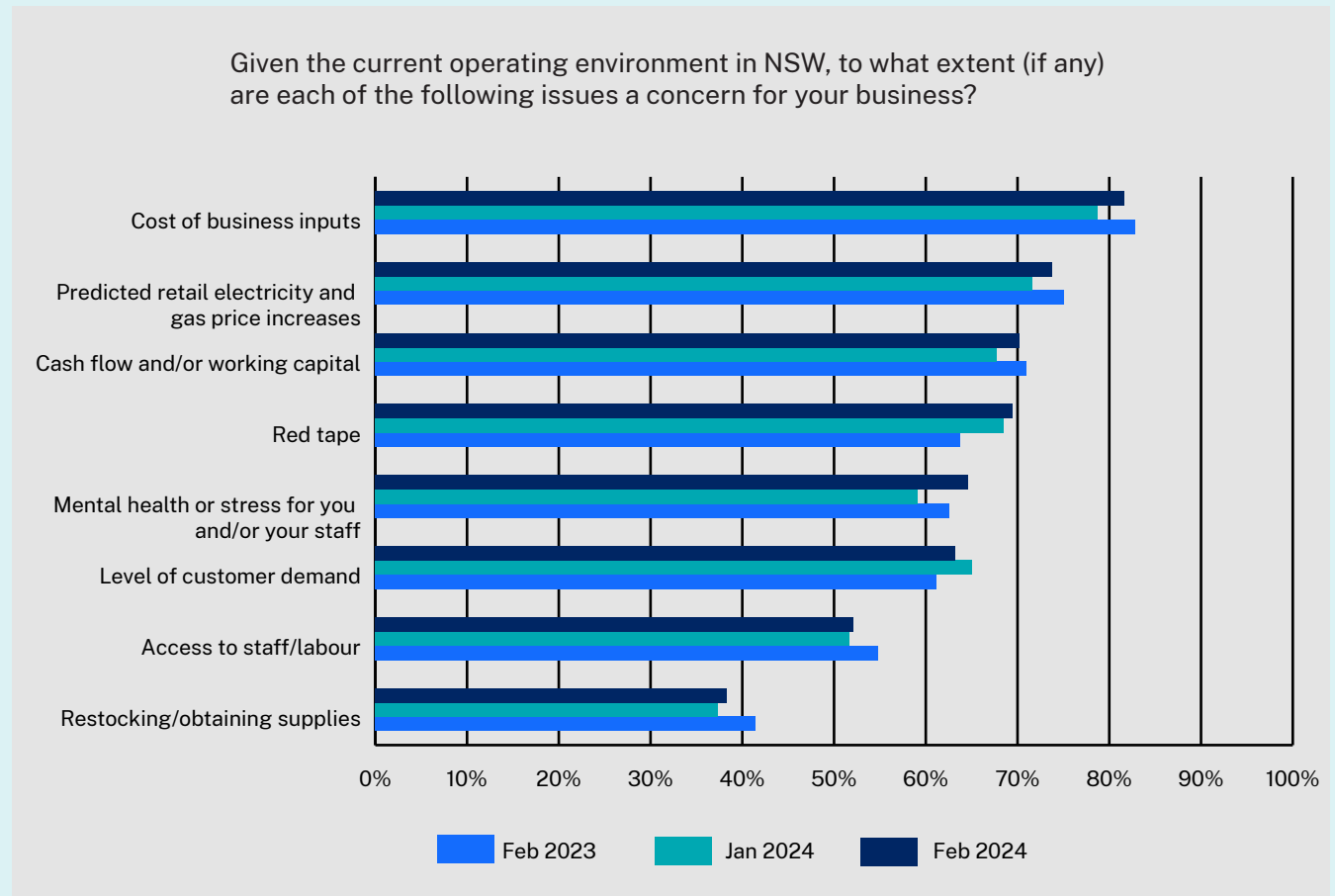


# Business conditions



"Cashflow is our biggest concern. As a business owner, I am faced with the tough decision of prioritising payments - whether it's for rent, wages, taxes or suppliers. As the owner I always get paid last."

## Business concerns



# Detailed results



## Confidence

	Confidence – in own business prospects <sup>#</sup>		Confidence – in local economy <sup>#</sup>	
	February 2024	January 2024	February 2024	January 2024
Extremely confident	↓ 5.6%	8.9%	↓ 1.3%	3.3%
Fairly confident	↑ 24.9%	22.1%	↑ 18.3%	16.9%
About the same	↑ 29.9%	27.0%	↑ 37.7%	34.8%
Fairly worried	↓ 29.0%	31.6%	↓ 33.4%	34.3%
Extremely worried	↑ 10.6%	10.4%	↓ 9.2%	10.7%
<b>Extremely or fairly confident</b>	<b>↓ 30.5%</b>	<b>31.0%</b>	<b>↓ 19.6%</b>	<b>20.2%</b>

Business size	n	% sample	Confidence*	Previous month
Non employing	320	38.7%	28.5%	↑
1 – 4 employees	243	29.4%	30.9%	↓
5 – 19 employees	191	23.1%	33.1%	↑
20 – 199 employees	72	8.7%	33.1%	↓
<b>Total</b>	<b>826</b>	<b>100.0%</b>	<b>30.5%</b>	<b>↓</b>

Location	n	% sample	Confidence*	Previous month
Greater Sydney	444	54.6%	29.2%	↓
Regional and Rural NSW	369	45.4%	32.4%	↑
<b>Total</b>	<b>813</b>	<b>100.0%</b>	<b>30.5%</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	30	3.6%	31.0%	↓
Mining	4	0.5%	50.0%	↓
Manufacturing	41	5.0%	27.0%	↓
Electricity, Gas, Water and Waste Services	8	1.0%	25.0%	↓
Construction	101	12.2%	23.9%	↑
Wholesale Trade	17	2.1%	17.6%	↓
Retail Trade	69	8.4%	17.5%	↓
Accommodation and Food Services	34	4.1%	42.4%	↑
Transport, Postal and Warehousing	29	3.5%	25.0%	↑
Information Media and Telecommunications	18	2.2%	37.5%	↓
Financial and Insurance Services	31	3.8%	55.2%	↑
Rental, Hiring and Real Estate Services	37	4.5%	24.3%	↓
Professional, Scientific and Technical Services	72	8.7%	38.6%	↑
Administrative and Support Services	13	1.6%	30.8%	↑
Public Administration and Safety	1	0.1%	0.0%	N/A
Education and Training	118	14.3%	31.1%	↓
Health Care and Social Assistances	51	6.2%	37.5%	↓
Arts and Recreation Services	34	4.1%	36.7%	↓
Other Services	118	14.3%	30.0%	↓
<b>Total</b>	<b>826</b>	<b>100.0%</b>	<b>30.5%</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>	
	February 2024	January 2024	February 2024	January 2024	February 2024	January 2024	February 2024	January 2024
Increase	↓ 14.4%	17.5%	↓ 17.4%	21.9%	↓ 10.5%	10.8%	↓ 13.5%	17.1%
No change	↑ 38.8%	35.6%	↑ 46.0%	41.2%	↑ 31.4%	31.4%	↑ 42.5%	37.9%
Decrease	↑ 44.7%	44.7%	↑ 30.0%	28.8%	↓ 55.3%	55.7%	↑ 37.7%	36.7%
Unsure	↓ 2.1%	2.2%	↓ 6.5%	8.1%	↑ 2.8%	2.2%	↓ 6.3%	8.3%

<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>		
	February 2024	January 2024
Yes	↓ 29.9%	36.6%
No	↑ 52.5%	48.3%
Unsure	↑ 17.6%	15.1%

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

Nature of plans (of those who indicated 'yes') <sup>~</sup>		
	February 2024	January 2024
We have plans to hire additional staff	↓ 47.8%	48.8%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 36.5%	35.8%
We have plans to establish or expand our online business	↓ 30.1%	32.9%
We have plans to improve the range and/or quality of our products and services	↓ 49.2%	52.3%
Other	↑ 20.5%	18.0%

<sup>~</sup>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	↑
November 2023	95.1	↓
December 2023	91.6	↓
January 2024	103.4	↑
February 2024	106.8	↑

## 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



## 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 February to 29 February with 826 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.

