



Small Business Momentum Survey



Small
Business
Commissioner

June 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 June 2024.









Small business confidence improved for a second consecutive month, increasing by one percentage point between May and June to 26 percent. Despite the marginal improvement, overall confidence levels remain subdued.

Within the survey period, a large drop in confidence was observed towards the latter period of June coinciding with the release of the monthly CPI data by the ABS on June 26, 2024. The monthly CPI indicator rose by 4.0 percent in the year to May 2024, exceeding market expectations and marking the third consecutive month of accelerating annual growth.

Expectations about revenue remained stable between May and June, while profitability declined over the same period. Nine per cent of businesses expect their profitability to increase over the next three months, down one percentage point from May.

The Momentum Index, a composite measure of underlying business trends, accelerated between May and June, increasing by 4.1 points to 93.2 points. Despite these gains, the index has remained in contractionary territory (below 100) for the past three months, with weakness across all components of the index during this period.

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

	Previous month
 Confidence 26 per cent of businesses indicated they were confident about their individual business prospects.	↑
 Concerns 86 per cent of businesses indicated they were concerned about the cost of business inputs.	↑
 Momentum* The Momentum Index increased by 4.1 points to 93.2 points.	↑
 Staff 43 per cent of businesses that have plans to expand are looking to hire additional staff.	↑
 Expansion 30 per cent of businesses indicated they have plans to grow, alter or expand operations.	↓
 Profitability 9 per cent expect profitability to increase, compared to 44 per cent expecting a decline.	↓
 Revenue 13 per cent expect revenue to increase, compared to 38 per cent expecting a decline.	=
 Local economy 15 per cent of businesses indicated they were confident about their local economy.	=



" Costs are skyrocketing and it's hard to raise prices to meet these rising costs because I may lose business, which I cannot afford".

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

Business conditions



Business conditions deteriorated further in June, despite revenue stabilising. Profitability weakened and concerns about input costs increased.

The number of businesses exploring new ways to grow, alter or expand their operations declined significantly in June, decreasing by 5 percentage points to 30 percent. This drop reverses the gains observed in May and is 4 percentage points below the series average. Among those respondents with plans to expand, the proportion of businesses with plans to purchase or rent additional property, plant and/or equipment rose significantly, increasing by 11 percentage points to 37 per cent, reversing the sharp decline observed in May.

The percentage of businesses reporting an increase in revenue remained stable in June. Thirteen percent of businesses expect their revenue to increase over the next three months, unchanged from May, but 6 percentage points below the series average.

Confidence

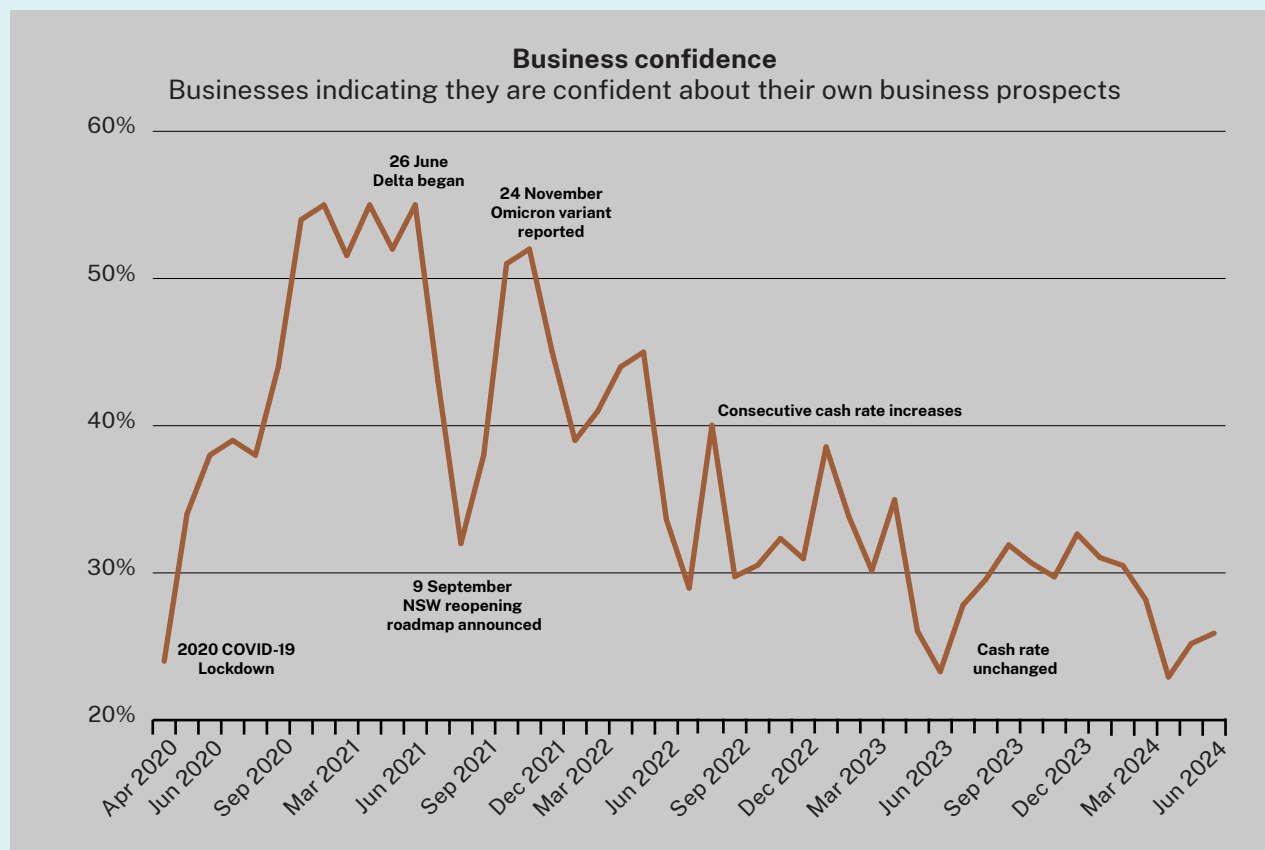
Small business confidence increased by one percentage point in June to 26 per cent. Rising input costs, staff shortages, interest rates, compliance burdens and weaker customer demand were cited as factors weighing on confidence.

Business performance

Business performance indicators were mixed in June. Expected revenue stabilised, while expected profitability moderated. 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 86 per cent expressing concern, 3 percentage points above the series average. The next highest concerns were predicted retail electricity and gas price changes, followed by cash flow and the availability of working capital, with 77 per cent and 72 per cent expressing concern respectively.

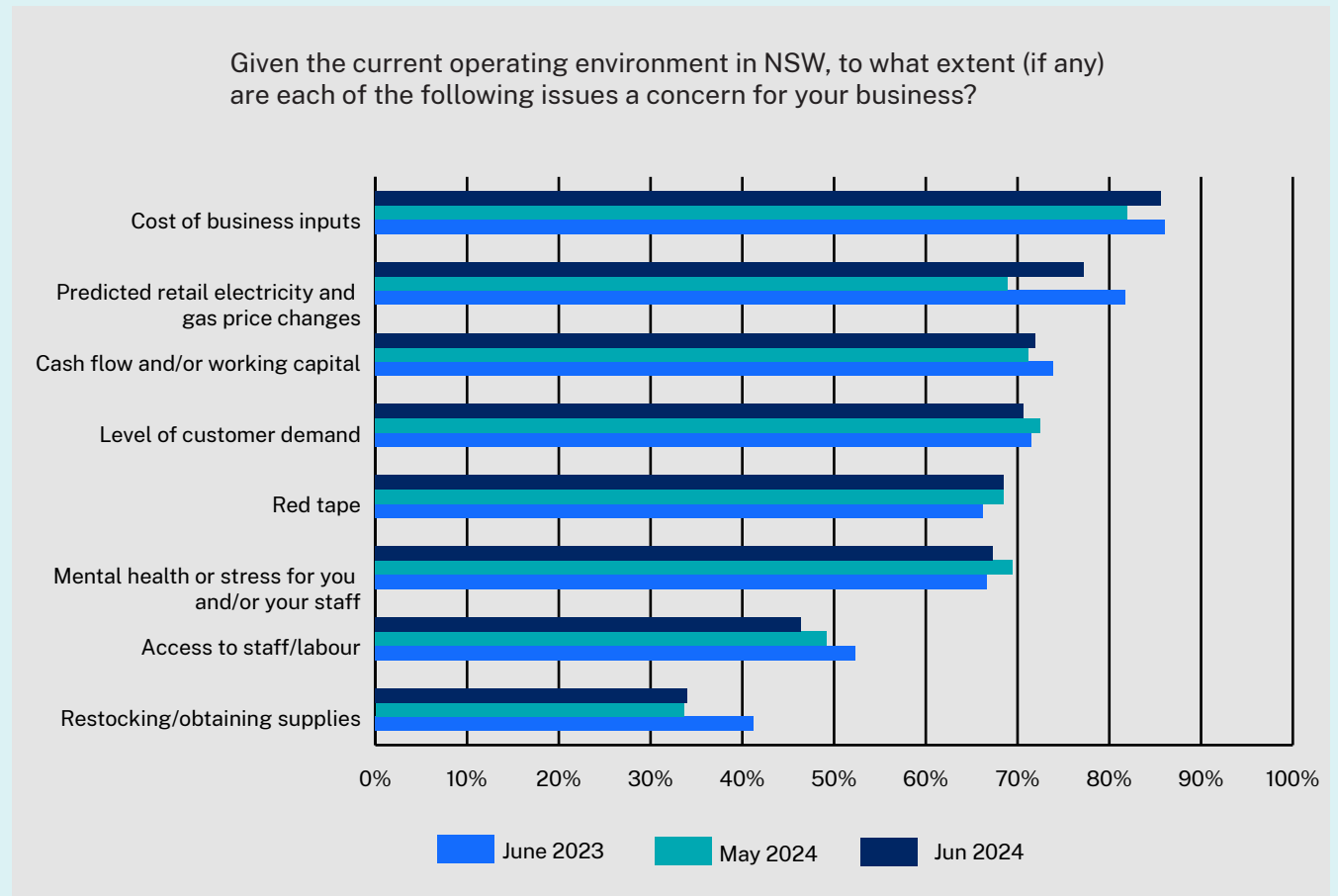


Business conditions



"The ability to recruit staff is a major obstacle due to a significant decline in graduates in my field and the inability to compete with large corporations in terms of remuneration for prospective employees".

Business concerns





"We find that digital platforms lack effective ways to resolve disputes. Establishing a body that could handle complaints from small businesses and facilitate a solution with digital platforms, even at a cost, would be helpful".

Digital Platforms

Increasingly, small businesses rely on digital platforms and online marketplaces to operate. These platforms provide important sales and sourcing channels, as well as avenues for advertisement, brand engagement and direct communication with customers and clients.

One in four (25 per cent) businesses reported conducting operations and/or selling products/services on a digital platform or online marketplace.

One in two (54 per cent) businesses indicated that being suspended or banned from a digital platform or online marketplace would severely or majorly impact their operations, including experiencing a catastrophic or significant loss of revenue and profits. The remaining businesses (46 per cent) indicated the impact from suspension or a ban would be moderate or negligible.

While conducting operations and business on a digital platform or online marketplace, businesses indicated they were most concerned about:

- Losing access to an account (74 per cent)
- Misunderstanding contract terms and conditions (68 per cent)
- Payment delays (60 per cent) and
- Poor or no communications from digital platforms (58 per cent)

Businesses also highlighted several concerns, including high advertising fees, their ability to navigate algorithms, cybersecurity and protection against fraudulent charges. Additional issues reported were the lack of flexibility in ending subscriptions and difficulties navigating frequent and complex changes to digital platforms and online marketplaces.

The Commission recently released a guide to support small businesses using digital platforms, including a checklist to help businesses navigate common risks and challenges. The digital platform guide is available [here](#).

Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	June 2024	May 2024	June 2024	May 2024
Extremely confident	↑ 4.8%	4.2%	↑ 2.0%	1.2%
Fairly confident	↑ 21.1%	21.0%	↓ 13.4%	13.9%
About the same	↓ 24.0%	26.7%	↓ 26.6%	31.7%
Fairly worried	↑ 35.0%	31.9%	↑ 42.0%	38.7%
Extremely worried	↓ 15.1%	16.1%	↑ 16.0%	14.5%
Extremely or fairly confident	↑ 25.9%	25.2%	↑ 15.4%	15.1%

Business size	n	% sample	Confidence*	Previous month
Non employing	259	37.3%	24.7%	↑
1 – 4 employees	240	34.6%	28.4%	↑
5 – 19 employees	144	20.7%	21.6%	↓
20 – 199 employees	51	7.3%	33.5%	↑
Total	694	100.0%	25.9%	↑

Location	n	% sample	Confidence*	Previous month
Greater Sydney	359	52.9%	26.9%	↑
Regional and Rural NSW	320	47.1%	24.6%	↑
Total	679	100.0%	25.9%	↑

[#]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	6.1%	16.7%	↓
Mining	3	0.4%	33.3%	↓
Manufacturing	46	6.6%	20.0%	↑
Electricity, Gas, Water and Waste Services	6	0.9%	0.0%	↓
Construction	91	13.1%	25.6%	↑
Wholesale Trade	20	2.9%	30.0%	↓
Retail Trade	81	11.7%	11.5%	↓
Accommodation and Food Services	36	5.2%	20.0%	↑
Transport, Postal and Warehousing	27	3.9%	19.2%	↓
Information Media and Telecommunications	25	3.6%	29.2%	↓
Financial and Insurance Services	37	5.3%	24.2%	↓
Rental, Hiring and Real Estate Services	25	3.6%	24.0%	↓
Professional, Scientific and Technical Services	66	9.5%	39.4%	↑
Administrative and Support Services	11	1.6%	36.4%	↑
Public Administration and Safety	5	0.7%	40.0%	N/A
Education and Training	23	3.3%	39.1%	↓
Health Care and Social Assistances	47	6.8%	25.6%	↓
Arts and Recreation Services	15	2.2%	26.7%	↓
Other Services	88	12.7%	23.8%	↑
Total	694	100.0%	25.9%	↑

*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 [#]	
	June 2024	May 2024	June 2024	May 2024	June 2024	May 2024	June 2024	May 2024
Increase	↓ 13.1%	14.0%	↑ 13.3%	13.3%	↑ 10.2%	8.2%	↓ 9.4%	10.1%
No change	↓ 35.4%	36.8%	↓ 40.0%	43.3%	↓ 28.1%	33.9%	↓ 39.2%	40.2%
Decrease	↑ 51.0%	48.5%	↑ 38.4%	37.6%	↑ 59.8%	56.2%	↑ 43.8%	43.0%
Unsure	↓ 0.5%	0.6%	↑ 8.3%	5.9%	↑ 1.9%	1.6%	↑ 7.6%	6.7%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	June 2024	May 2024
Yes	↓ 30.4%	35.3%
No	↑ 54.1%	49.2%
Unsure	= 15.5%	15.5%

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

Nature of plans (of those who indicated 'yes') [~]		
	June 2024	May 2024
We have plans to hire additional staff	↑ 43.4%	39.0%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 37.0%	26.2%
We have plans to establish or expand our online business	↓ 29.9%	30.2%
We have plans to improve the range and/or quality of our products and services	↓ 47.2%	47.9%
Other	↓ 20.2%	27.6%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=204.

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	↑
March 2024	106.8	=
April 2024	97.9	↓
May 2024	89.1	↓
June 2024	93.2	↑

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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www.smallbusiness.nsw.gov.au



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Methodology

Fieldwork conducted between 1 June to 30 June with 694 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.

