



Small Business Momentum Survey



Small
Business
Commissioner

November 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 November 2024.









Small business confidence declined significantly between October and November, decreasing by 6 percentage points to 24 per cent. This decline reverses the improvement in confidence levels observed last month.

Businesses continue to report challenging trading conditions. Rising input costs, staff shortages, interest rates, compliance burdens and weaker customer demand were cited as factors weighing on confidence.

Expectations about profitability and revenue improved between October and November. Thirteen per cent of businesses expect their profitability to improve over the next three months, up one percentage point from October.

Despite the decline in confidence, the Momentum Index, which measures underlying business trends, improved for the fourth consecutive month, increasing by 8.5 points to 109.3—a record result. This strengthening was driven by improved performance across all components of the Index, with particularly strong performance in business investment and staffing decisions, potentially in anticipation of upcoming holiday periods.

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

	Previous month
 Confidence 24 per cent of businesses indicated they were confident about their individual business prospects.	↓
 Concerns 81 per cent of businesses indicated they were concerned about the cost of business inputs.	↓
 Momentum* The Momentum Index increased by 8.5 points to 109.3 points.	↑
 Staff 51 per cent of businesses that have plans to expand are looking to hire additional staff.	↑
 Expansion 34 per cent of businesses indicated they have plans to grow, alter or expand operations.	=
 Profitability 13 per cent expect profitability to increase, compared to 44 per cent expecting a decline.	↑
 Revenue 17 per cent expect revenue to increase, compared to 38 per cent expecting a decline.	↑
 Local economy 18 per cent of businesses indicated they were confident about their local economy.	↑



"Cost pressures continue impact our business. Insurance and labour costs have increased substantially, and red tape is adding to these challenges by creating delays and missed opportunities".

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

Business conditions



Business conditions improved in November, despite the decline in confidence levels. Expectations about revenue and profitability increased, while concerns about input costs decreased.

The number of businesses exploring new ways to grow, alter, or expand their operations stabilised in November, remaining unchanged at 34 per cent. Among respondents planning to expand, there was a significant increase in the proportion of businesses intending to hire additional staff or purchase/rent additional property, plant and/or equipment, with both rising by 6 percentage points to 51 per cent and 38 per cent, respectively.

The percentage of businesses reporting an increase in revenue increased in November. Seventeen per cent of businesses expect their revenue to increase over the next three months, up one percentage point from October.

Confidence

Small business confidence decreased by 6 percentage points in November to 24 per cent. Non-employing businesses (21 per cent) were significantly less confident in their individual business prospects compared to employing businesses (26 per cent).

Business performance

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

The business environment

The cost of business inputs remains the top concern for small businesses, with 81 per cent expressing concern, two percentage points below the series average. The next highest concerns were cashflow and the availability of working capital, followed by predicted retail electricity and gas price changes, with 69 and 68 per cent expressing concern respectively.

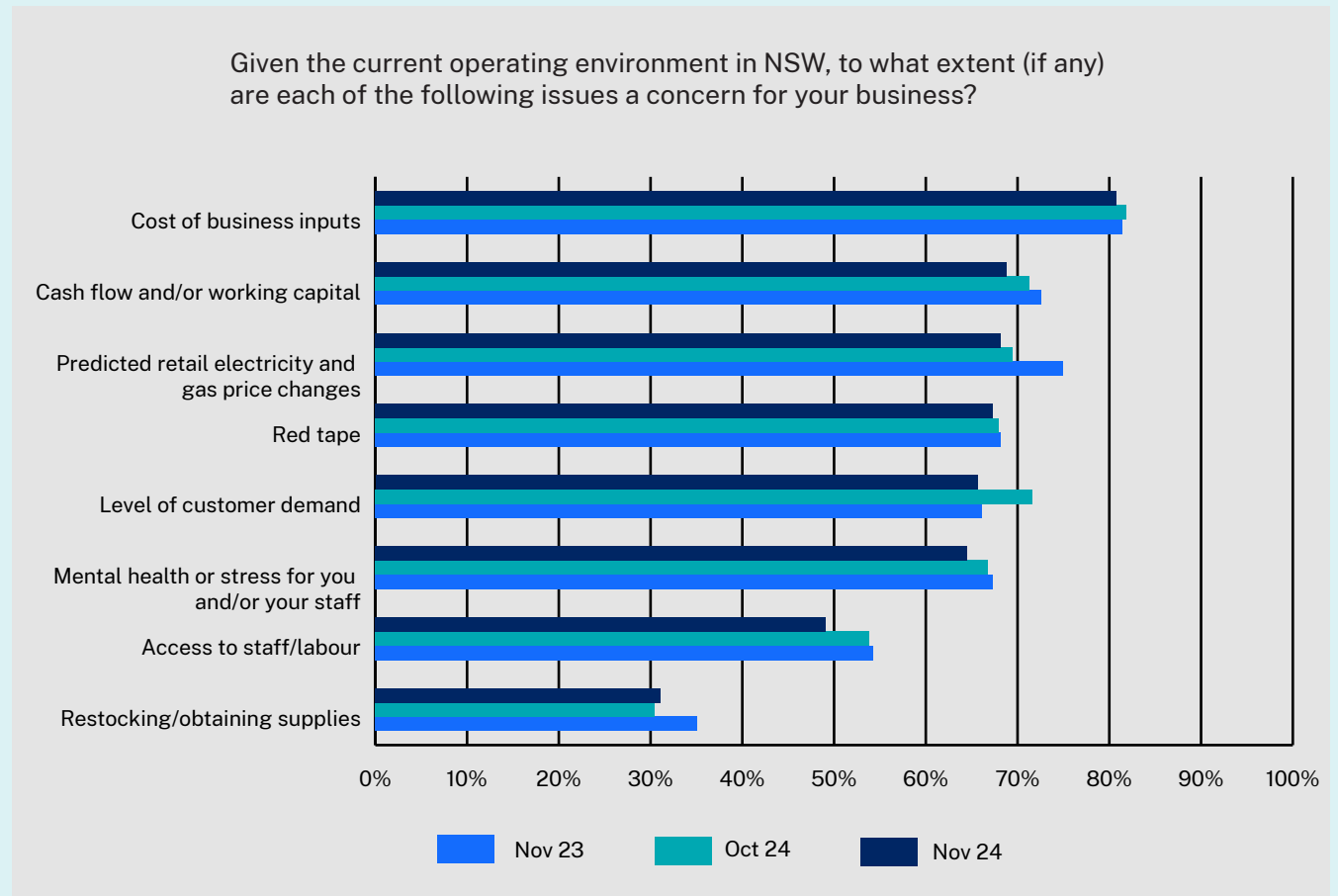


Business conditions



"Cash flow issues are a major concern, particularly when clients pay late. This creates a domino effect, impacting our ability to pay workers, subcontractors, creditors, taxes, superannuation and more. Such delays can quickly put us on the back foot."

Business concerns



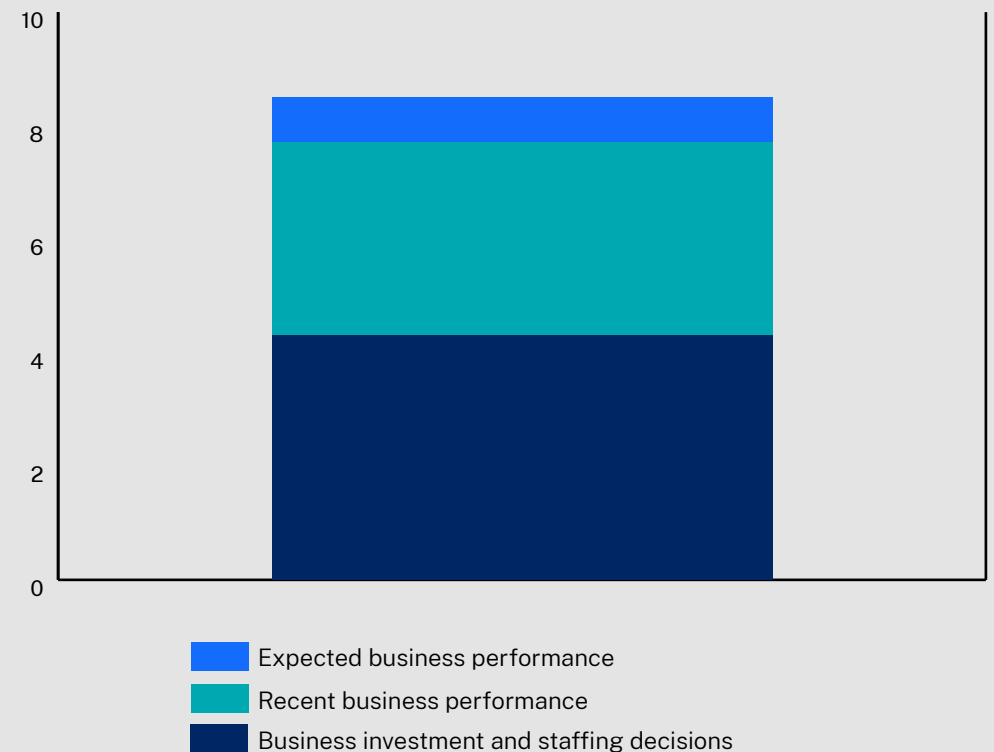
Momentum in focus

The Momentum Index is a composite measure that tracks key business performance metrics to identify critical turning points in underlying trends. This month, the Momentum Index rose by 8.5 points, reaching a record high, while business confidence moved in the opposite direction. In this report, we examine the primary drivers behind the change in the Momentum Index to better understand the factors contributing to this divergence and gain insights into current business conditions.

Acceleration in the Momentum Index was primarily driven by strong performance in the business investment and staffing decisions component of the Index, although the recent business performance and expected business performance components also positively contributed to the record result.

- **Business investment and staffing decisions** (+4.3 points) was the leading contributor to the Index, with the proportion of businesses intending to hire additional staff and/or purchase/rent additional property, plant and/or equipment significantly increasing in November.
- **Recent business performance** (+3.4 points) positively impacted the Index, with increases in both revenue (+2.2 points) and profitability (+1.1 points).
- **Expected business performance** (+0.8 points) contributed to a lesser extent, with increases in predicted revenue (+0.2 points) and profitability (+0.7 points).

Contribution to change in Momentum Index: October to November



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	November 2024	October 2024	November 2024	October 2024
Extremely confident	↑ 3.4%	3.1%	↓ 1.1%	1.2%
Fairly confident	↓ 20.6%	26.4%	↑ 17.0%	15.4%
About the same	↑ 30.8%	26.2%	↓ 32.6%	36.2%
Fairly worried	↓ 29.1%	29.8%	↑ 35.0%	32.7%
Extremely worried	↑ 16.1%	14.5%	↓ 14.3%	14.5%
Extremely or fairly confident	↓ 24.0%	29.5%	↑ 18.1%	16.6%

Business size	n	% sample	Confidence*	Previous month
Non employing	236	34.5%	20.6%	↓
1 – 4 employees	230	33.6%	26.6%	↓
5 – 19 employees	159	23.2%	23.6%	↓
20 – 199 employees	60	8.8%	28.9%	↓
Total	685	100.0%	24.0%	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	351	52.0%	22.6%	↓
Regional and Rural NSW	324	48.0%	25.5%	↓
Total	675	100.0%	24.0%	↓

[#]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	44	6.4%	14.0%	↓
Mining	2	0.3%	0.0%	↓
Manufacturing	36	5.3%	23.5%	↓
Electricity, Gas, Water and Waste Services	9	1.3%	0.0%	↓
Construction	75	10.9%	20.0%	↓
Wholesale Trade	16	2.3%	18.8%	↓
Retail Trade	78	11.4%	20.5%	↑
Accommodation and Food Services	39	5.7%	31.6%	↑
Transport, Postal and Warehousing	29	4.2%	0.0%	↓
Information Media and Telecommunications	37	5.4%	22.2%	↓
Financial and Insurance Services	26	3.8%	33.3%	↓
Rental, Hiring and Real Estate Services	24	3.5%	30.4%	↑
Professional, Scientific and Technical Services	66	9.6%	32.8%	↑
Administrative and Support Services	13	1.9%	30.8%	↓
Public Administration and Safety	1	0.1%	100.0%	N/A
Education and Training	24	3.5%	33.3%	↑
Health Care and Social Assistances	46	6.7%	25.0%	↓
Arts and Recreation Services	24	3.5%	27.3%	↑
Other Services	96	14.0%	27.3%	↑
Total	685	100.0%	24.0%	↓

*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 [#]	
	November 2024	October 2024	November 2024	October 2024	November 2024	October 2024	November 2024	October 2024
Increase	↑ 18.4%	17.4%	↑ 17.1%	16.0%	↑ 9.9%	8.9%	↑ 13.4%	10.6%
No change	↓ 35.3%	37.8%	↓ 38.7%	42.6%	↓ 34.3%	37.6%	↓ 37.1%	43.0%
Decrease	↑ 45.5%	43.1%	↑ 38.0%	33.8%	↑ 54.2%	51.5%	↑ 43.8%	39.0%
Unsure	↓ 0.8%	1.7%	↓ 6.2%	7.6%	↓ 1.6%	2.0%	↓ 5.8%	7.4%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	November 2024	October 2024
Yes	↑ 34.3%	33.8%
No	↓ 51.9%	53.7%
Unsure	↑ 13.8%	12.5%

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

Nature of plans (of those who indicated 'yes') [~]		
	November 2024	October 2024
We have plans to hire additional staff	↑ 50.7%	45.2%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 37.6%	31.5%
We have plans to establish or expand our online business	↓ 24.5%	25.8%
We have plans to improve the range and/or quality of our products and services	↓ 51.9%	58.3%
Other	↑ 22.0%	13.8%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=218.

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	↑
July 2024	92.8	↓
August 2024	98.4	↑
September 2024	99.7	↑
October 2024	100.8	↑
November 2024	109.3	↑

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

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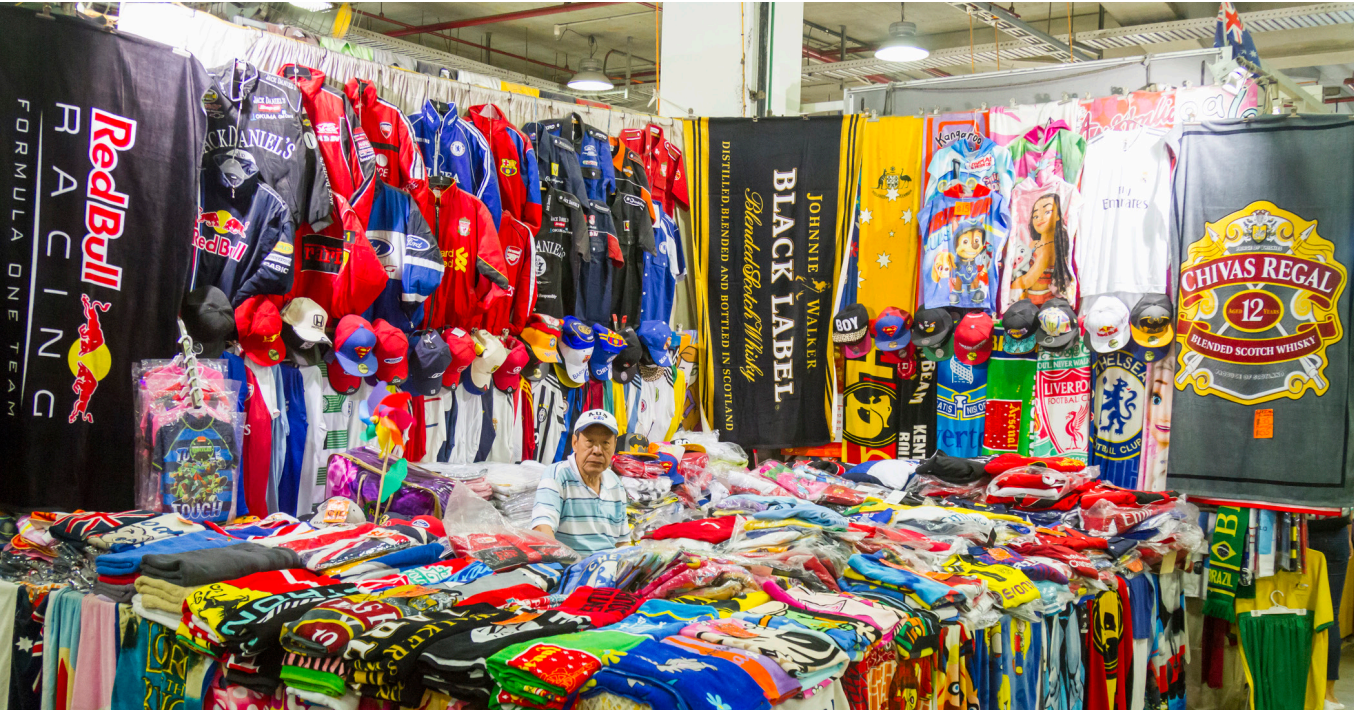
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Methodology

Fieldwork conducted between 1 November to 30 November with 685 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.

