



Small Business Momentum Survey



Small
Business
Commissioner

August 2022

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 August 2022.

Small business confidence rebounded significantly in August. Confidence levels rose by 11 percentage points between July and August 2022 to 40 per cent, up from 34 per cent in June and 29 per cent in July.

Despite improving confidence, businesses continue to report a challenging operating environment. Staff shortages, supply chain issues, rising input costs, higher interest rates and economic uncertainty were cited as factors weighing on confidence in August.

Expectations about revenue and profitability improved in August following a period of decline between May and July 2022. However, the outlook remains challenging with more businesses indicating they expect revenue and profits to decline compared to those that expect an improvement.

The online survey was completed between 1 and 31 August with more than 600 small businesses across NSW responding.



Local economy

26 per cent of businesses indicated they were confident about their local economy.



Concerns

82 per cent of businesses indicated they were concerned about the cost of business inputs.



Challenges

56 per cent of businesses indicated they are experiencing difficulties managing rising costs.



Staff

67 per cent of businesses that have plans to expand are looking to hire additional staff.



Expansion

37 per cent of businesses indicated they have plans to grow, alter or expand operations.



Profitability

15 per cent expect profitability to increase, compared to 35 per cent expecting a decline.



Revenue

22 per cent expect revenue to increase, compared to 25 per cent expecting a decline.



Confidence

40 per cent of businesses indicated they were confident about their individual business prospects.



**Confidence Up
in August**

“The main issue is staffing. I’m finding it extremely difficult to find qualified staff and I’m worried about not being able to replace people.”

Business conditions



Following declines in June and July, business conditions strengthened in August with businesses reporting increased confidence levels and an improved outlook. However, ongoing challenges related to rising costs, staff shortages and supply chain issues mean small businesses continue to navigate a complex and challenging environment.

The number of businesses looking at new ways of doing business remained stable in August. One in three businesses (37 per cent) indicated they currently have plans to grow, alter or expand their operations. Of those businesses with plans to expand, two in three (67 per cent) indicated they were planning to hire additional staff, up from one in two businesses in July (52 per cent).

The percentage of small businesses expecting an increase in revenue and profit over the next three months increased between July and August 2022. However, rising business costs are expected to continue to impact profitability. One in three businesses (35 per cent) indicated they expect profitability to decrease over the next three months.

Confidence

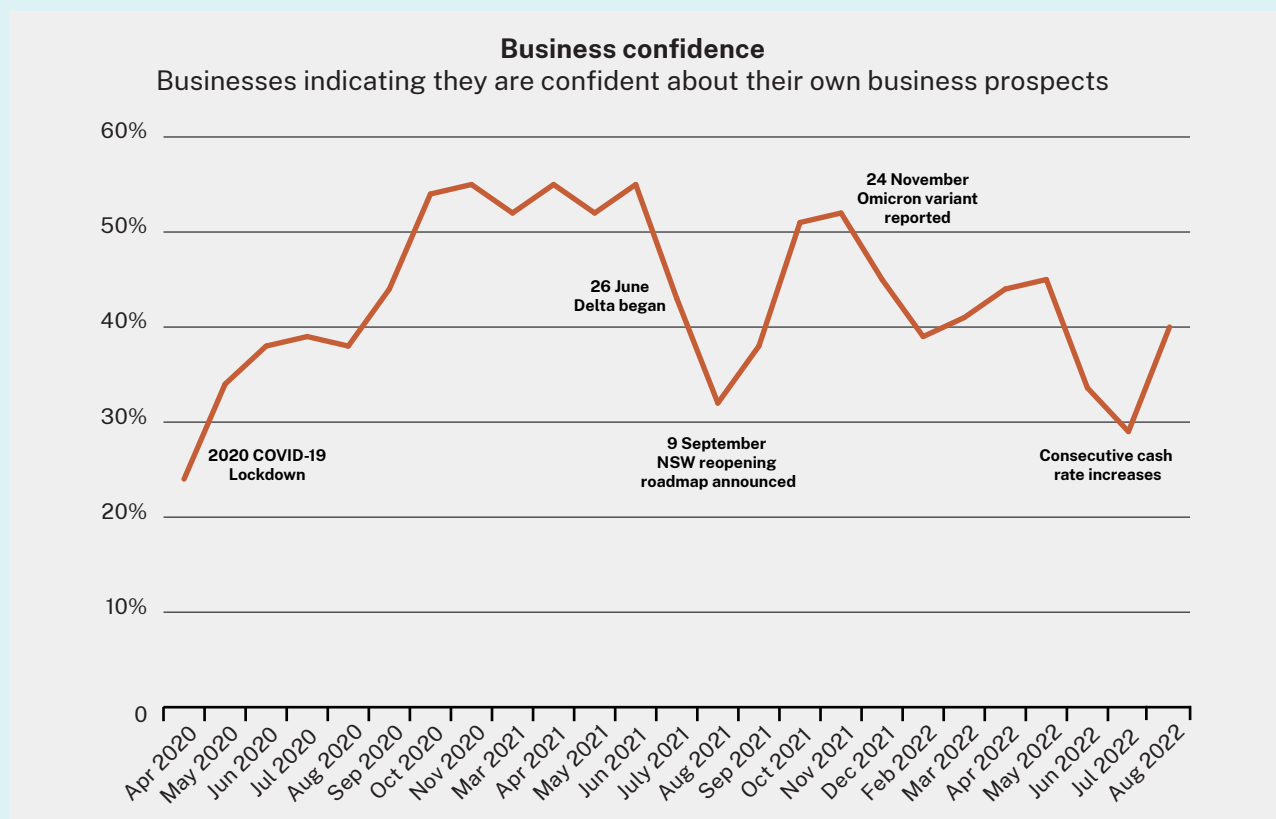
Small business confidence rose 11 percentage points in August to 40 per cent. This follows a period of declining confidence between May and July 2022. There are now more businesses confident (40 per cent) about their individual business prospects than those who are worried (36 per cent).

Business performance

Business performance indicators improved in August after a steady decline over the past two months. While the gap is smaller, the percentage of businesses expecting revenue and profitability to increase remains lower than those to expecting it to decrease.

The business environment

The cost of business inputs is the top concern for small business for a fifth consecutive month, with 82 per cent expressing concern in August. The next highest concerns were cashflow and availability of working capital (69 per cent) and mental health or stress for you and/or your staff (66 per cent).

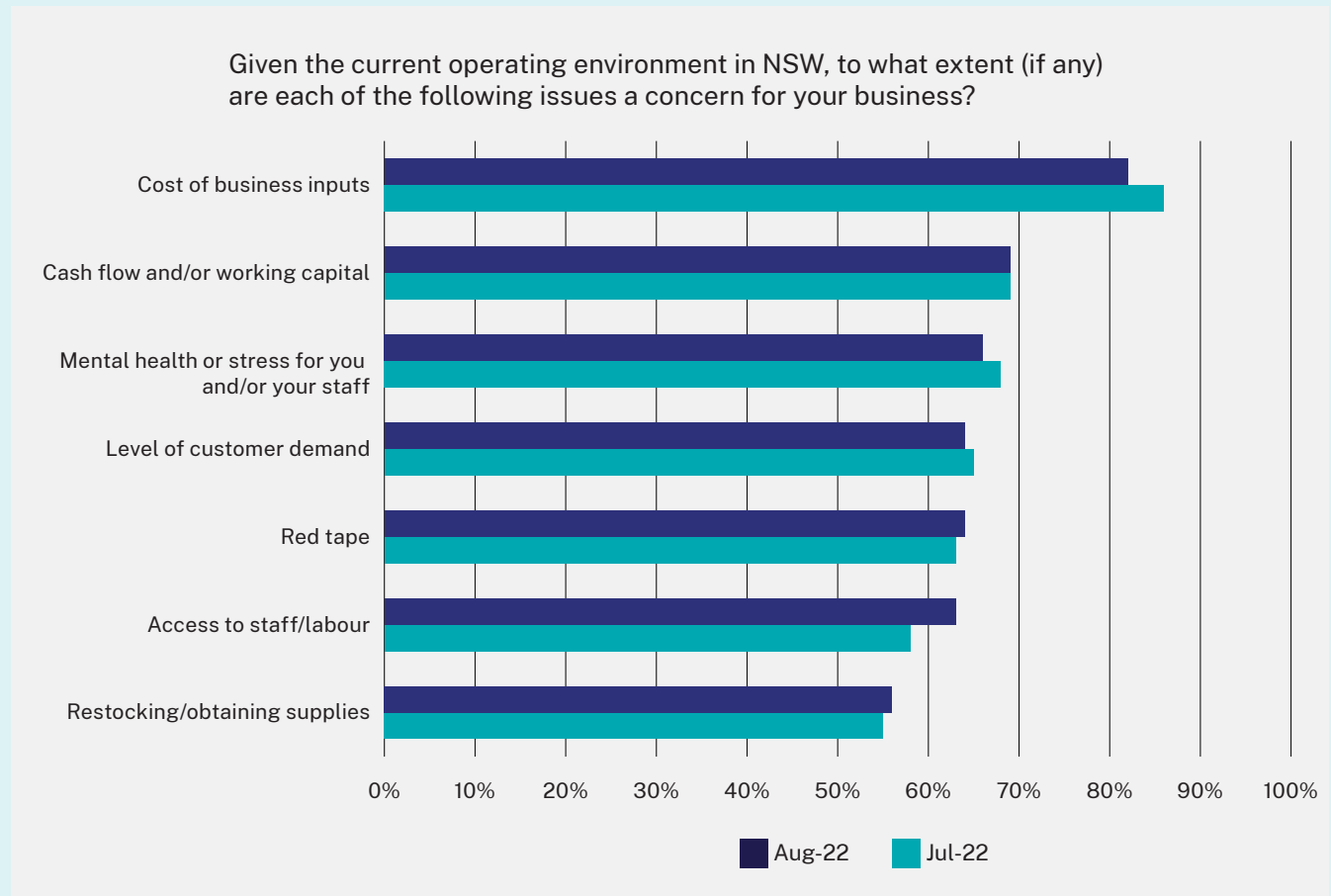


Business conditions



“Increased work demands coupled with ongoing natural disasters have produced higher stress levels for staff and potential mental health impacts.”

Business concerns



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	August 22	July 22	August 22	July 22
Extremely confident	6.7%	3.3%	2.3%	2.1%
Fairly confident	33.3%	25.7%	23.8%	17.1%
About the same	24.1%	25.0%	29.3%	27.7%
Fairly worried	26.6%	35.5%	36.5%	43.1%
Extremely worried	9.3%	10.5%	8.1%	10.1%
Extremely or fairly confident	40.0%	29.0%	26.1%	19.1%

Business size	n	% sample	Confidence*
Non employing	187	30.0%	33.2%
1 – 4 employees	221	35.5%	43.4%
5 – 19 employees	163	26.2%	43.9%
20 – 199 employees	52	8.3%	38.0%
Total	623	100.0%	40.0%

Location	n	% sample	Confidence*
Greater Sydney	347	56.4%	38.3%
Regional and Rural NSW	268	43.6%	42.1%
Total	615	100.0%	40.0%

[#]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*
Agriculture, Forestry and Fishing	41	6.6%	25.6%
Mining	5	0.8%	40.0%
Manufacturing	34	5.5%	34.4%
Electricity, Gas, Water and Waste Services	5	0.8%	50.0%
Construction	76	12.2%	27.3%
Wholesale Trade	14	2.2%	53.8%
Retail Trade	48	7.7%	34.1%
Accommodation and Food Services	18	2.9%	27.8%
Transport, Postal and Warehousing	29	4.7%	40.7%
Information Media and Telecommunications	21	3.4%	28.6%
Financial and Insurance Services	65	10.4%	45.0%
Rental, Hiring and Real Estate Services	25	4.0%	58.3%
Professional, Scientific and Technical Services	79	12.7%	48.0%
Administrative and Support Services	9	1.4%	44.4%
Public Administration and Safety	1	0.2%	100.0%
Education and Training	17	2.7%	35.3%
Health Care and Social Assistances	31	5.0%	41.4%
Arts and Recreation Services	19	3.0%	18.8%
Other Services	86	13.8%	39.0%
Total	623	100.0%	40.0%

*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 [#]	
	August 22	July 22	August 22	July 22	August 22	July 22	August 22	July 22
Increase	18.2%	18.0%	21.9%	18.0%	11.6%	12.1%	14.9%	11.1%
No change	40.0%	36.1%	47.1%	38.2%	33.7%	32.0%	44.0%	35.9%
Decrease	40.4%	44.7%	25.3%	34.8%	53.1%	54.3%	34.7%	44.1%
Unsure	1.4%	1.2%	5.7%	9.0%	1.7%	1.6%	6.4%	9.0%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	August 22	July 22
Yes	36.7%	37.5%
No	47.3%	44.7%
Unsure	16.0%	17.8%

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

Nature of plans (of those who indicated 'yes') [~]		
	August 22	July 22
We have plans to hire additional staff	67.0%	52.1%
We have plans to purchase/rent additional property, plant and/or equipment	38.7%	39.5%
We have plans to establish or expand our online business	18.1%	32.2%
We have plans to improve the range and/or quality of our products and services	50.9%	53.0%
Other	14.2%	16.5%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=210.

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



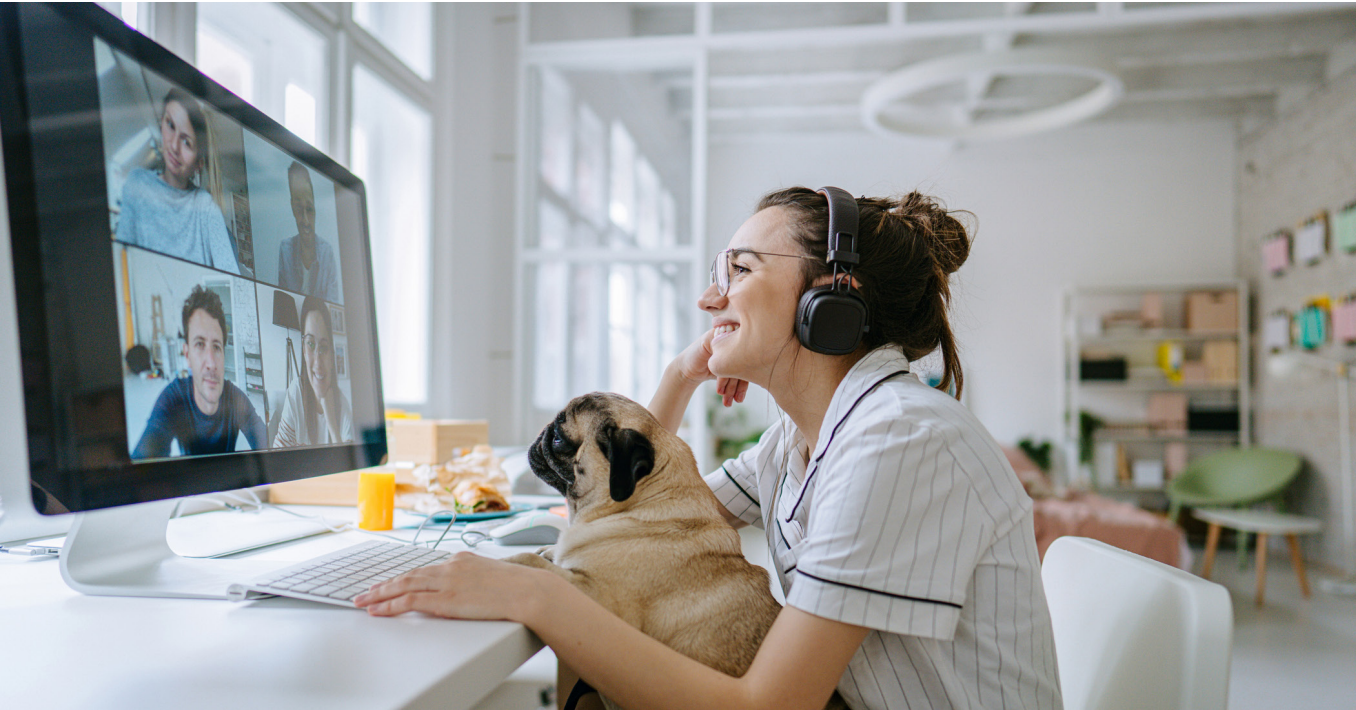
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www.smallbusiness.nsw.gov.au



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Methodology

Fieldwork conducted between 1 August to 31 August 2022 with 623 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.

