



# Small Business Momentum Survey



Small  
Business  
Commissioner

July 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 July 2022.

Small business confidence has continued to decline since May 2022. Confidence fell 5 percentage points between June and July 2022 to 29 per cent, down from 44 per cent in May.

Increasing input costs, ongoing staff shortages and supply chain issues, higher interest rates and a particularly difficult flu season were all reported as weighing on small business confidence in July.

Expectations about revenue and profitability weakened further in July, with near one in two businesses expecting profits to decline over the next three months. Increasing business costs and declining revenue appear to account for the declining profitability reported by some respondents.

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



## Local economy

19 per cent of businesses indicated they were confident in their local economy.



## Concerns

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



## New challenges

Bad weather and a difficult flu season were reported as reducing consumer spending.



## Staff

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



## Expansion

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



## Profitability

11 per cent expect profitability to increase, compared to 44 per cent expecting a decline.



## Revenue

18 per cent expect revenue to increase, compared to 35 per cent expecting a decline.



## Confidence

29 per cent of businesses indicated they were confident in their individual business prospects.



## Confidence Down in July

“We are dealing with continual cancellations from clients due to illness and it’s impossible to find or retain staff.”

# Business conditions



Small businesses continue to navigate a complex and challenging operating environment. Escalating cost pressures and other emerging challenges have resulted in business sentiment declining significantly since May 2022.

Although sentiment declined, the number of businesses looking at new ways of doing business remained stable in July. One in three businesses (38 per cent) indicated they currently have plans to grow, alter or expand their operations. Of those businesses with plans to expand, half indicated they had plans to either hire additional staff (52 per cent) or improve the range and/or quality of products and services (53 per cent).

The percentage of businesses expecting an increase in revenue and profit over the next three months moderated slightly compared to June. Rising business costs continue to impact the profitability outlook of many small businesses. One in two (44 per cent) businesses indicated they expect profitability to decrease over the next three months.

## Confidence

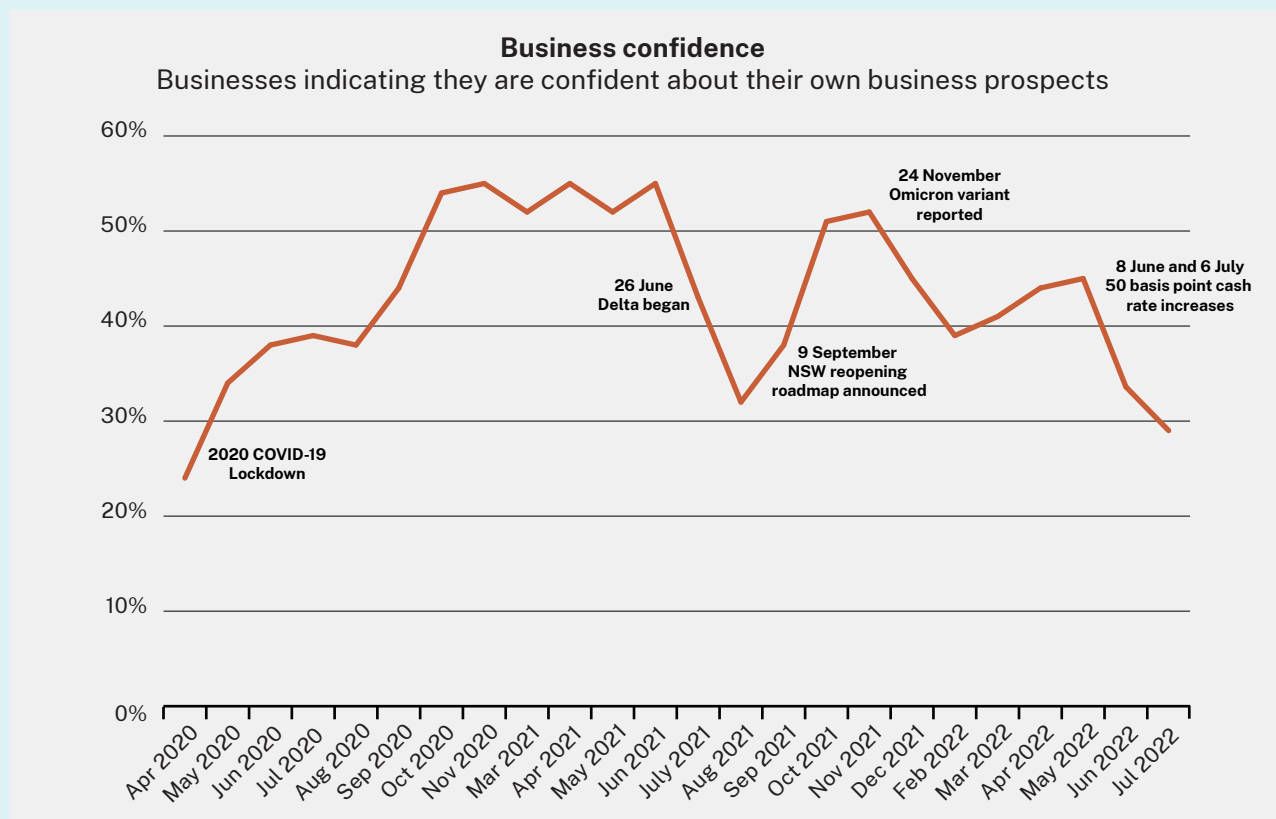
Small business confidence has fallen 15 percentage points since May 2022, down to 29 per cent in July. This follows a period of modest improvement in throughout the first half of 2022. Confidence levels are now only marginally higher than when the State first went into lockdown back in 2020.

## Business performance

Business performance indicators moderated further in July but have not fallen as dramatically as business confidence measures. The percentage of businesses expecting revenue and profitability to decrease over the next three months continues to be significantly higher than those expecting it to increase.

## The business environment

The cost of business inputs is the top concern for small businesses for a fourth consecutive month, with 86 per cent expressing concern in July (a record result). 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 (68 per cent).

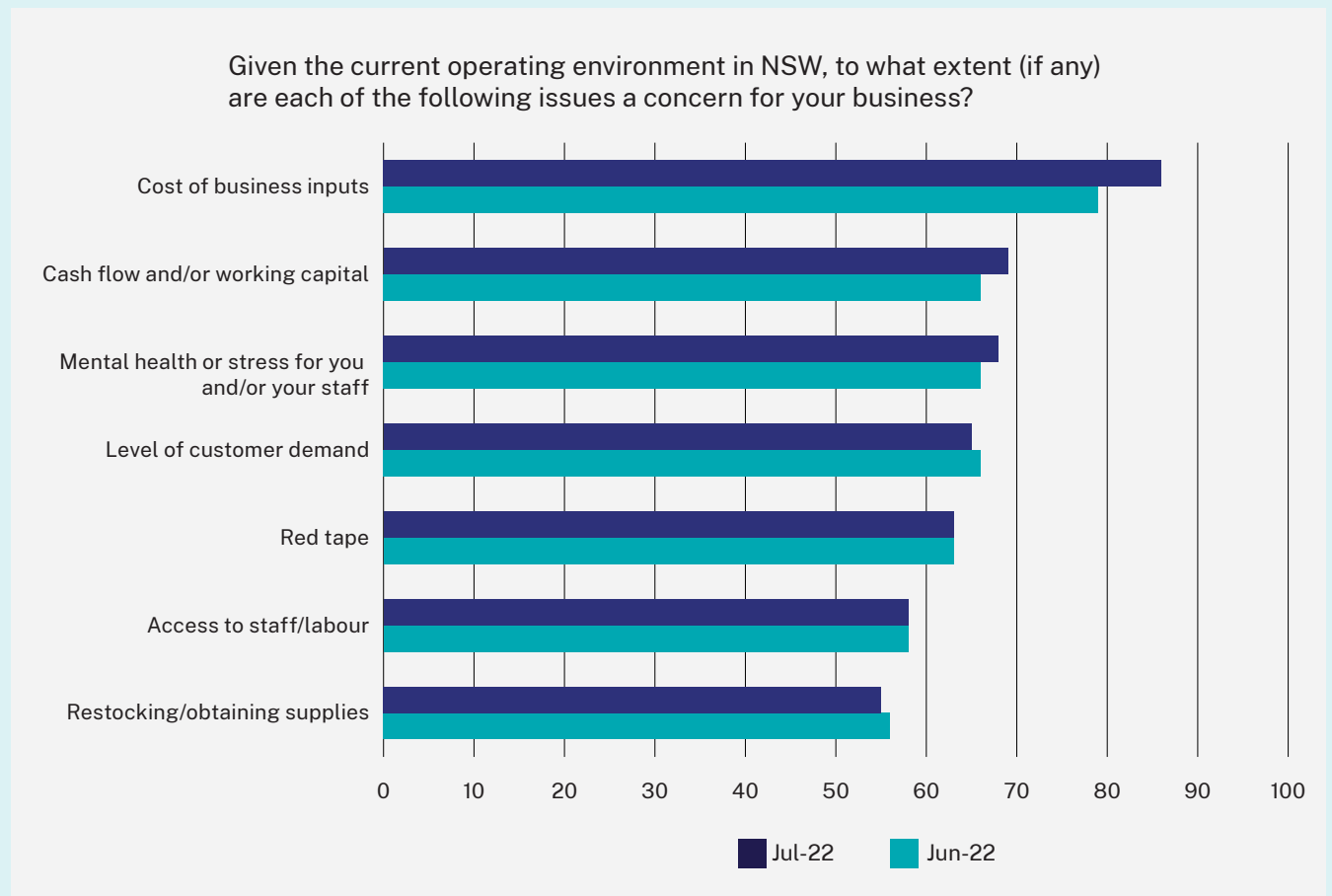


# Business conditions



“We have a busy business but it’s still very hard to make any profits after taxes, wages and expenses.”

## Business concerns



# Detailed results



## Confidence

	Confidence – in own business prospects <sup>#</sup>		Confidence – in local economy <sup>#</sup>	
	July 22	June 22	July 22	June 22
Extremely confident	3.3%	7.1%	2.1%	1.6%
Fairly confident	25.7%	26.6%	17.1%	20.3%
About the same	25.0%	24.7%	27.7%	28.5%
Fairly worried	35.5%	30.2%	43.1%	38.8%
Extremely worried	10.5%	11.5%	10.1%	10.9%
<b>Extremely or fairly confident</b>	<b>29.0%</b>	<b>33.6%</b>	<b>19.1%</b>	<b>21.9%</b>

Business size	n	% sample	Confidence*
Non employing	238	35.2%	33.1%
1 – 4 employees	245	36.2%	22.3%
5 – 19 employees	153	22.6%	31.4%
20 – 199 employees	40	5.9%	37.6%
<b>Total</b>	<b>676</b>	<b>100.0%</b>	<b>29.0%</b>

Location	n	% sample	Confidence*
Greater Sydney	397	59.2%	29.2%
Regional and Rural NSW	274	40.8%	28.4%
<b>Total</b>	<b>671</b>	<b>100.0%</b>	<b>29.0%</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*
Agriculture, Forestry and Fishing	33	4.9%	33.3%
Mining	6	0.9%	20.0%
Manufacturing	23	3.4%	21.7%
Electricity, Gas, Water and Waste Services	6	0.9%	40.0%
Construction	70	10.4%	32.8%
Wholesale Trade	14	2.1%	23.1%
Retail Trade	69	10.2%	30.2%
Accommodation and Food Services	80	11.8%	7.5%
Transport, Postal and Warehousing	34	5.0%	15.6%
Information Media and Telecommunications	27	4.0%	34.6%
Financial and Insurance Services	46	6.8%	40.5%
Rental, Hiring and Real Estate Services	13	1.9%	15.4%
Professional, Scientific and Technical Services	76	11.2%	45.1%
Administrative and Support Services	17	2.5%	35.3%
Public Administration and Safety	N/A	N/A	N/A
Education and Training	21	3.1%	26.3%
Health Care and Social Assistances	31	4.6%	27.6%
Arts and Recreation Services	26	3.8%	19.2%
Other Services	84	12.4%	29.7%
<b>Total</b>	<b>676</b>	<b>100.0%</b>	<b>29.0%</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>	
	July 22	June 22	July 22	June 22	July 22	June 22	July 22	June 22
Increase	18.0%	22.1%	18.0%	20.0%	12.1%	13.2%	11.1%	13.1%
No change	36.1%	34.7%	38.2%	40.4%	32.0%	34.7%	35.9%	40.0%
Decrease	44.7%	40.8%	34.8%	30.9%	54.3%	50.9%	44.1%	37.8%
Unsure	1.2%	2.4%	9.0%	8.7%	1.6%	1.2%	9.0%	9.2%

<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>		
	July 22	June 22
Yes	37.5%	38.3%
No	44.7%	42.4%
Unsure	17.8%	19.2%

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

Nature of plans (of those who indicated 'yes') <sup>~</sup>		
	July 22	June 22
We have plans to hire additional staff	52.1%	51.4%
We have plans to purchase/rent additional property, plant and/or equipment	39.5%	36.9%
We have plans to establish or expand our online business	32.2%	37.5%
We have plans to improve the range and/or quality of our products and services	53.0%	56.3%
Other	16.5%	11.7%

<sup>~</sup>Respondents able to select multiple options; weighted according to industry share of the small business population; n=229.

# 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



**Get more information**

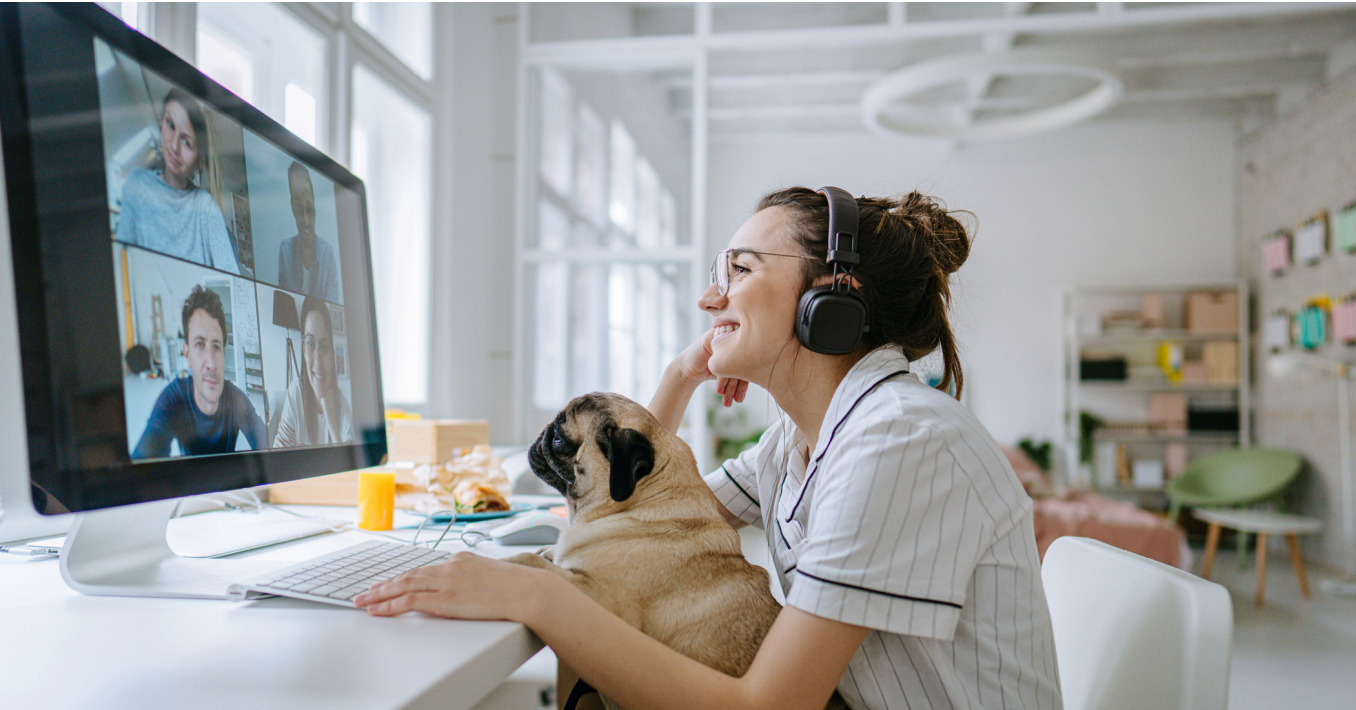
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## Methodology

Fieldwork conducted between 1 July to 31 July 2022 with 676 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.

