



# Small Business Momentum Survey



Small  
Business  
Commissioner

June 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 June 2022.

Following a period of improving confidence earlier in 2022, small business confidence fell by 11 percentage points between May and June 2022.

Staff shortages, increasing input costs, ongoing supply chain issues, larger than expected interest rate rises, and increases to the minimum wage all potentially weighed on small business confidence in June.

Expectations about revenue and profitability were stable compared to May. 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 30 June with more than 600 small businesses across NSW responding.



## Local economy

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



## Concerns

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



## New challenges

Interest rate rises were reported as increasing the cost of financing and doing business.



## Staff

51 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

13 per cent expect profitability to increase, compared to 38 per cent expecting a decline.



## Revenue

20 per cent expect revenue to increase, compared to 31 per cent expecting a decline.



## Confidence

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



## Confidence Down in June

“Rising interest rates make it more difficult for borrowers to get finance leading to lower demand.”

# Business conditions



While small businesses have become less concerned about the impact of COVID-19, the emergence of new challenges mean small businesses are navigating a complex and challenging environment.

Businesses who indicated they were worried about their individual business prospects cited inflationary pressures, staff shortages, incoming financial obligations and uneven customer demand as factors negatively affecting confidence.

A significant number of businesses are continuing to look at new ways of doing business. 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 (51 per cent) indicated they were planning to hire additional staff.

While the percentage of businesses expecting an increase in revenue and profit over the next three months remains relatively stable, rising business costs are continuing to impact on profitability. One in three (38 per cent) businesses indicated they expect profitability to decrease over the next three months.

## Confidence

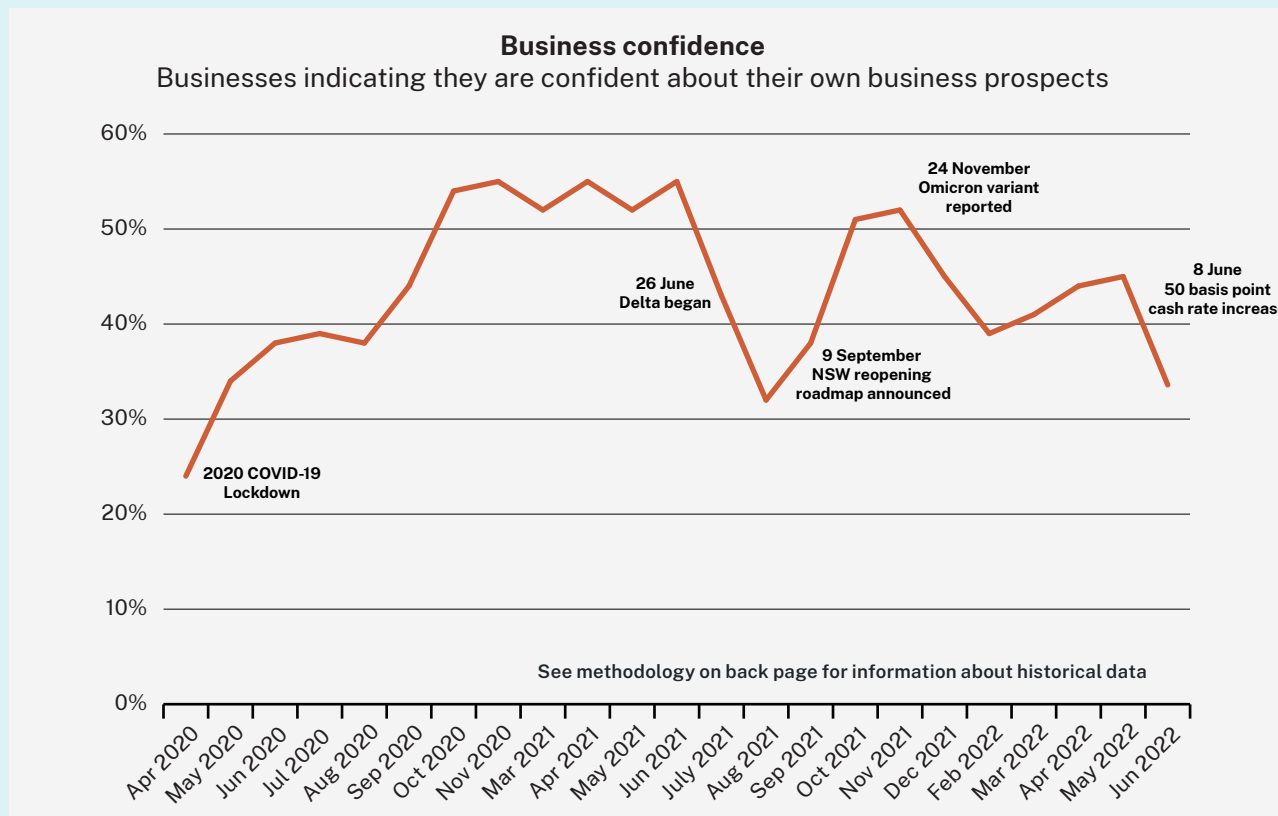
Small business confidence fell 11 percentage points in June to 34 per cent. This follows a period of modest improvement in throughout the first half of 2022. There are now more businesses worried (42 per cent) about their individual business prospects than those who are confident (34 per cent). This last occurred in August 2021.

## Business performance

Business performance indicators remained relatively stable despite sentiment declining. However, the percentage of businesses expecting revenue and profitability to increase over the next three months remains significantly lower than those expecting it to decrease.

## The business environment

The cost of business inputs is the top concern for small businesses for a third consecutive month, with 79 per cent expressing concern in June (a record result). The next highest concerns were the level of customer demand/ consumer caution (67 per cent) and cashflow and availability of working capital (66 per cent).

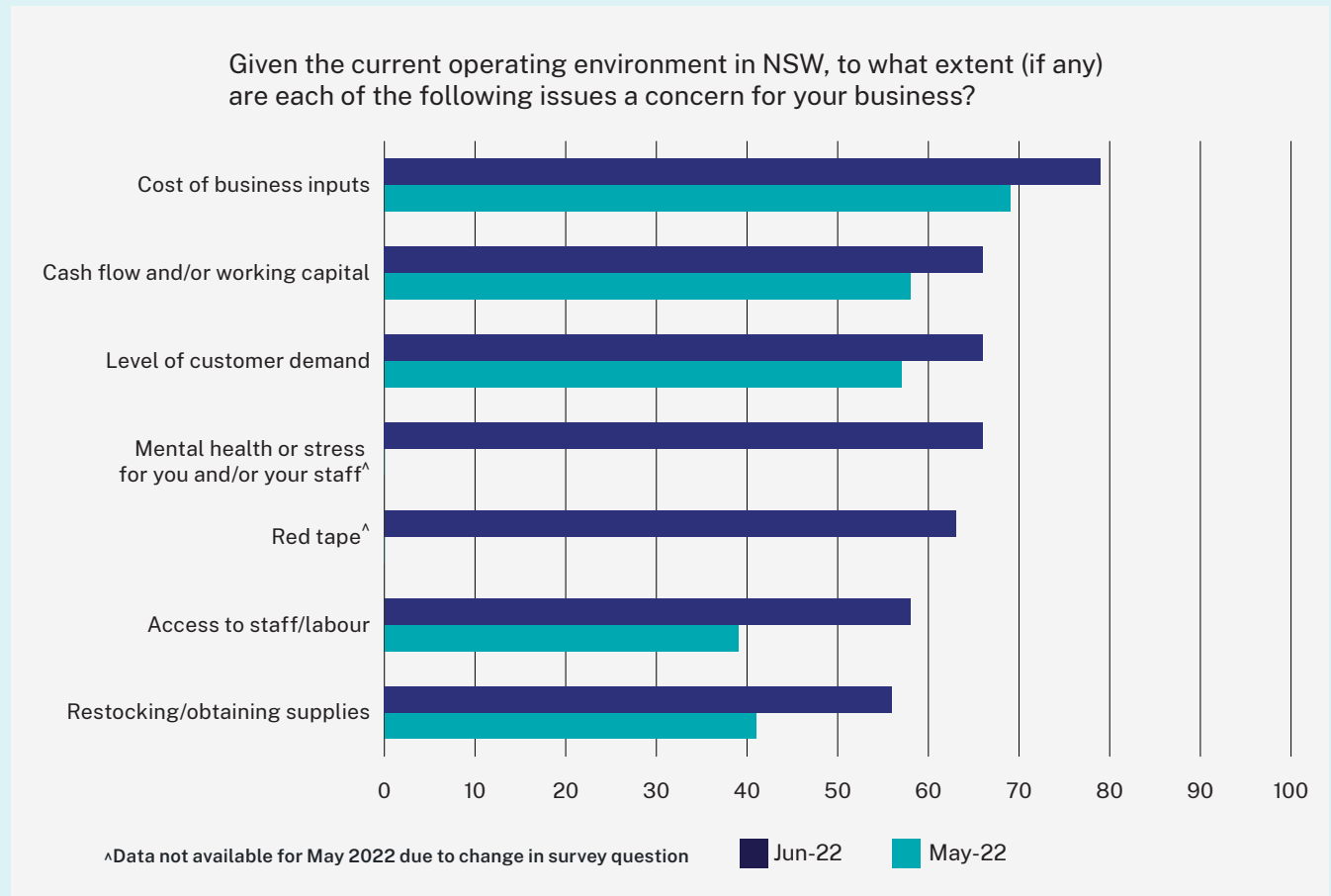


# Business conditions



“Cost pressures seem to be rising as they have throughout the pandemic. Shipping has been huge but we are starting to see pressure in other areas too.”

## Business concerns



# Detailed results



## Confidence

	Confidence – in own business prospects <sup>#</sup>		Confidence – in local economy <sup>#</sup>	
	June 22	May 22	June 22	May 22
Extremely confident	7.1%	7.3%	1.6%	4.0%
Fairly confident	26.6%	37.0%	20.3%	30.6%
About the same	24.7%	24.4%	28.5%	30.0%
Fairly worried	30.2%	23.4%	38.8%	25.9%
Extremely worried	11.5%	8.0%	10.9%	9.5%
<b>Extremely or fairly confident</b>	<b>33.6%</b>	<b>44.3%</b>	<b>21.9%</b>	<b>34.6%</b>

Business size	n	% sample	Confidence*
Non employing	280	43.0%	36.3%
1 – 4 employees	228	35.0%	32.2%
5 – 19 employees	110	16.9%	30.3%
20 – 199 employees	33	5.1%	34.4%
<b>Total</b>	<b>651</b>	<b>100.0%</b>	<b>33.6%</b>

Location	n	% sample	Confidence*
Greater Sydney	398	61.8%	31.6%
Regional and Rural NSW	246	38.2%	37.2%
<b>Total</b>	<b>644</b>	<b>100.0%</b>	<b>33.6%</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	39	6.0%	41.0%
Mining	5	0.8%	60.0%
Manufacturing	36	5.5%	50.0%
Electricity, Gas, Water and Waste Services	5	0.8%	25.0%
Construction	82	12.6%	32.3%
Wholesale Trade	21	3.2%	9.5%
Retail Trade	49	7.5%	16.7%
Accommodation and Food Services	36	5.5%	17.6%
Transport, Postal and Warehousing	30	4.6%	28.0%
Information Media and Telecommunications	24	3.7%	30.4%
Financial and Insurance Services	44	6.8%	47.6%
Rental, Hiring and Real Estate Services	13	2.0%	25.0%
Professional, Scientific and Technical Services	86	13.2%	42.0%
Administrative and Support Services	9	1.4%	66.7%
Public Administration and Safety	N/A	N/A	N/A
Education and Training	25	3.8%	40.9%
Health Care and Social Assistances	33	5.1%	31.3%
Arts and Recreation Services	21	3.2%	33.3%
Other Services	93	14.3%	26.4%
<b>Total</b>	<b>651</b>	<b>100.0%</b>	<b>33.6%</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>	
	June 22	May 22	June 22	May 22	June 22	May 22	June 22	May 22
Increase	22.1%	17.0%	20.0%	21.0%	13.2%	12.0%	13.1%	16.0%
No change	34.7%	38.0%	40.4%	53.0%	34.7%	38.0%	40.0%	49.0%
Decrease	40.8%	43.0%	30.9%	26.0%	50.9%	50.0%	37.8%	35.0%
Unsure	2.4%	N/A <sup>^</sup>	8.7%	N/A <sup>^</sup>	1.2%	N/A <sup>^</sup>	9.2%	N/A <sup>^</sup>

<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>	June 22	May 22
	Yes	38.3%
No	42.4%	N/A <sup>^</sup>
Unsure	19.2%	N/A <sup>^</sup>

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

<sup>^</sup>Data not available for May 2022 due to change in survey question.

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

<sup>~</sup>Respondents able to select multiple options; weighted according to industry share of the small business population; n=220.

# 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**

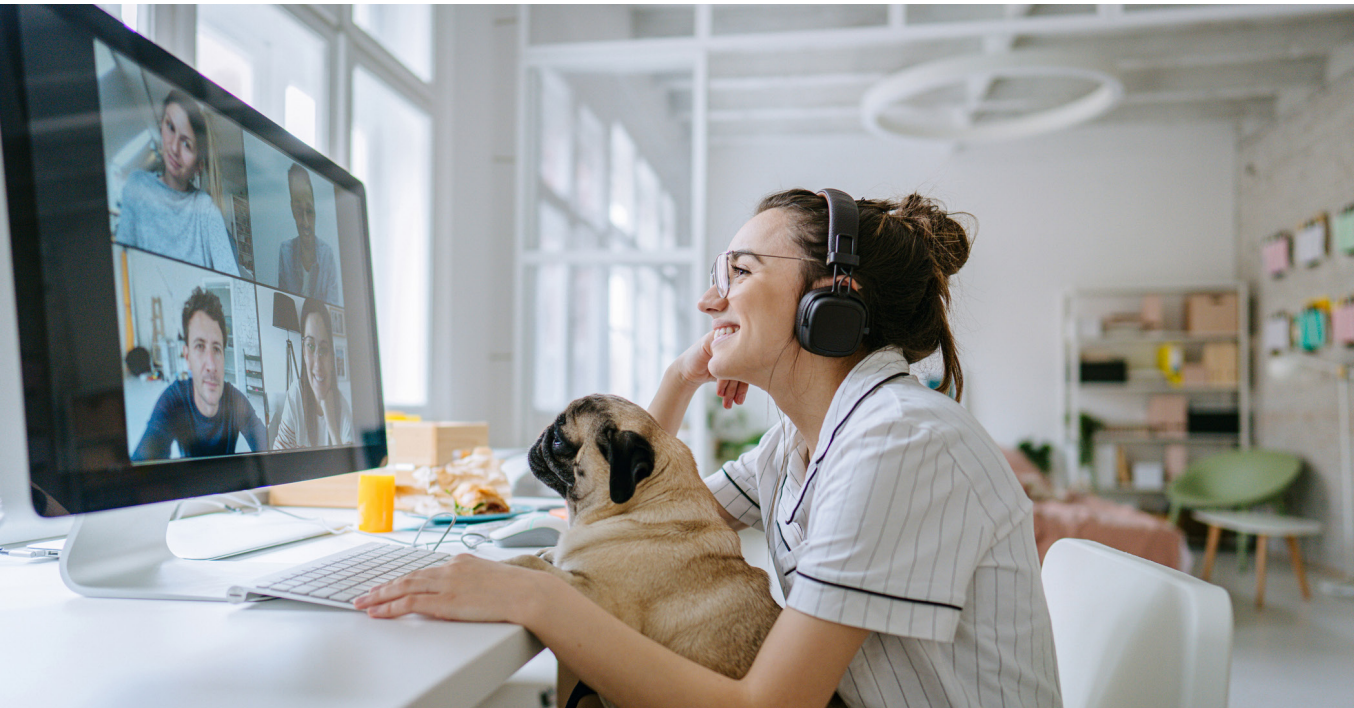
[www.smallbusiness.nsw.gov.au](http://www.smallbusiness.nsw.gov.au)



**Subscribe to our newsletter**

[smallbusiness.nsw.gov.au/subscribe](http://smallbusiness.nsw.gov.au/subscribe)





## Methodology

Fieldwork conducted between 1 June to 30 June 2022 with 651 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.

