

Small Business Momentum Survey



Small
Business
Commissioner

October 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 October 2022.

Small business confidence increased marginally between September and October, rising 1 percentage point to 31 per cent after being volatile in recent months.

Businesses continue to report a challenging operating environment. Rising input costs, staff shortages, higher interest rates, severe weather events and economic uncertainty were cited as factors weighing on confidence in October.

Expectations about revenue and profitability weakened in October, with two in five businesses expecting profits to decline over the next three months. Increasing business costs and concerns about predicted energy price increases appear to account for the expected decline in profitability reported by some respondents.

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



Confidence

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



Concerns

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



Challenges

23 per cent of businesses indicated they need staff but haven't considered hiring a skilled migrant.



Staff

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



Expansion

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



Profitability

12 per cent expect profitability to increase, compared to 42 per cent expecting a decline.



Revenue

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



Local economy

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



Confidence up in October

“Cost of living pressures and rising interest rates are making it difficult to plan for future growth.”

Business conditions



Confidence levels have remained somewhat subdued throughout the second half of 2022 as small businesses navigate ongoing challenges related to escalating costs, staff shortages and economic uncertainty.

The number of businesses looking at new ways of doing business declined in October. One in three businesses (32 per cent) indicated they currently have plans to grow, alter or expand their operations (down from 36 per cent in September). Of those businesses with plans to expand, more than half indicated they either had plans to hire additional staff (57 per cent) or improve the range and/or quality of products and services (55 per cent).

The percentage of small businesses expecting an increase in revenue and profit over the next three months decreased between September and October 2022. The outlook of many small businesses continues to be impacted by rising business costs. Only one in five (18 per cent) businesses indicated they expect revenue to increase over the next three months, while one in three (31 per cent) expect revenue to decrease over the same period.

Confidence

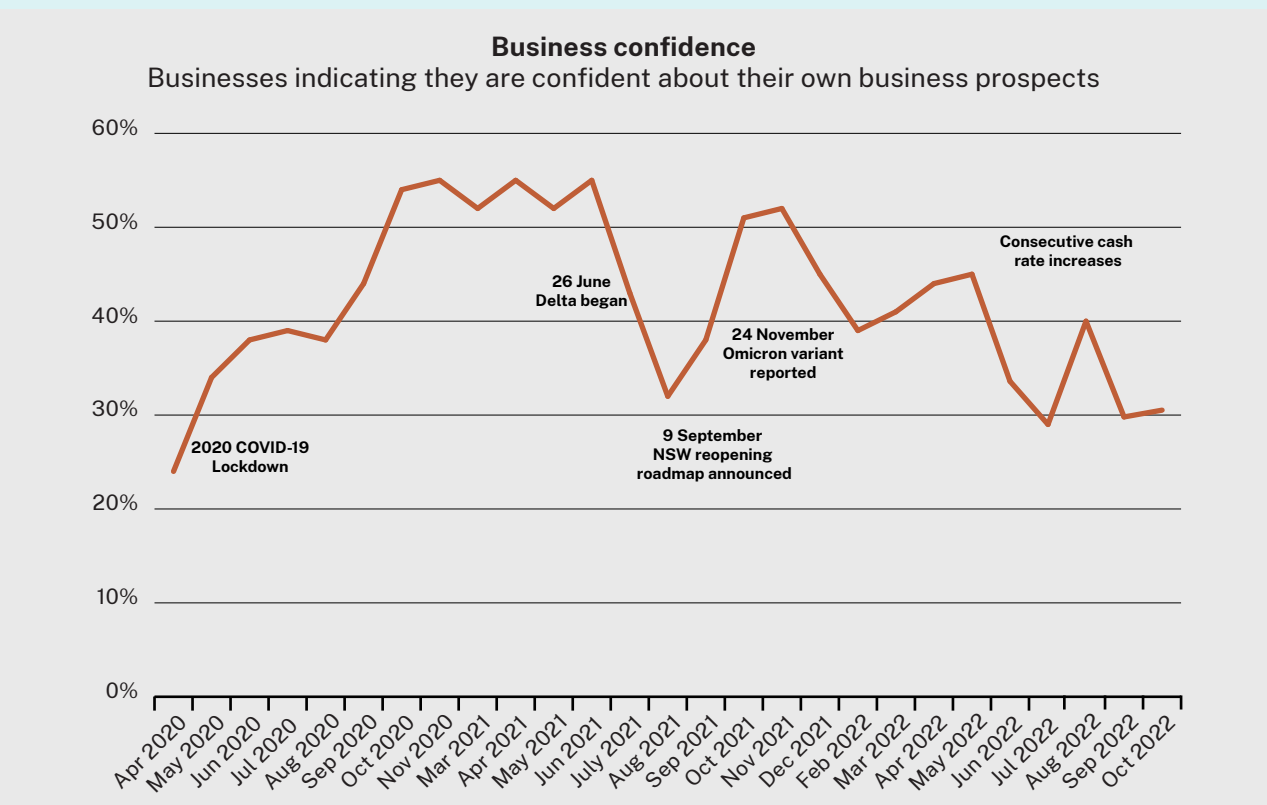
Small business confidence rose 1 percentage point in October to 31 per cent. Confidence levels have been somewhat subdued throughout the second half of 2022, coinciding with interest rate rises and persistent inflationary pressures.

Business performance

Business performance indicators moderated in October. The percentage of businesses indicating they expect revenue and profits to decline remains significantly larger compared to those that expect an improvement.

The business environment

The cost of business inputs is the top concern for small businesses for a seventh consecutive month, with 83 per cent expressing concern in October. The next highest concerns were cashflow and availability of working capital followed by red tape, with 71 and 67 per cent expressing concern respectively.

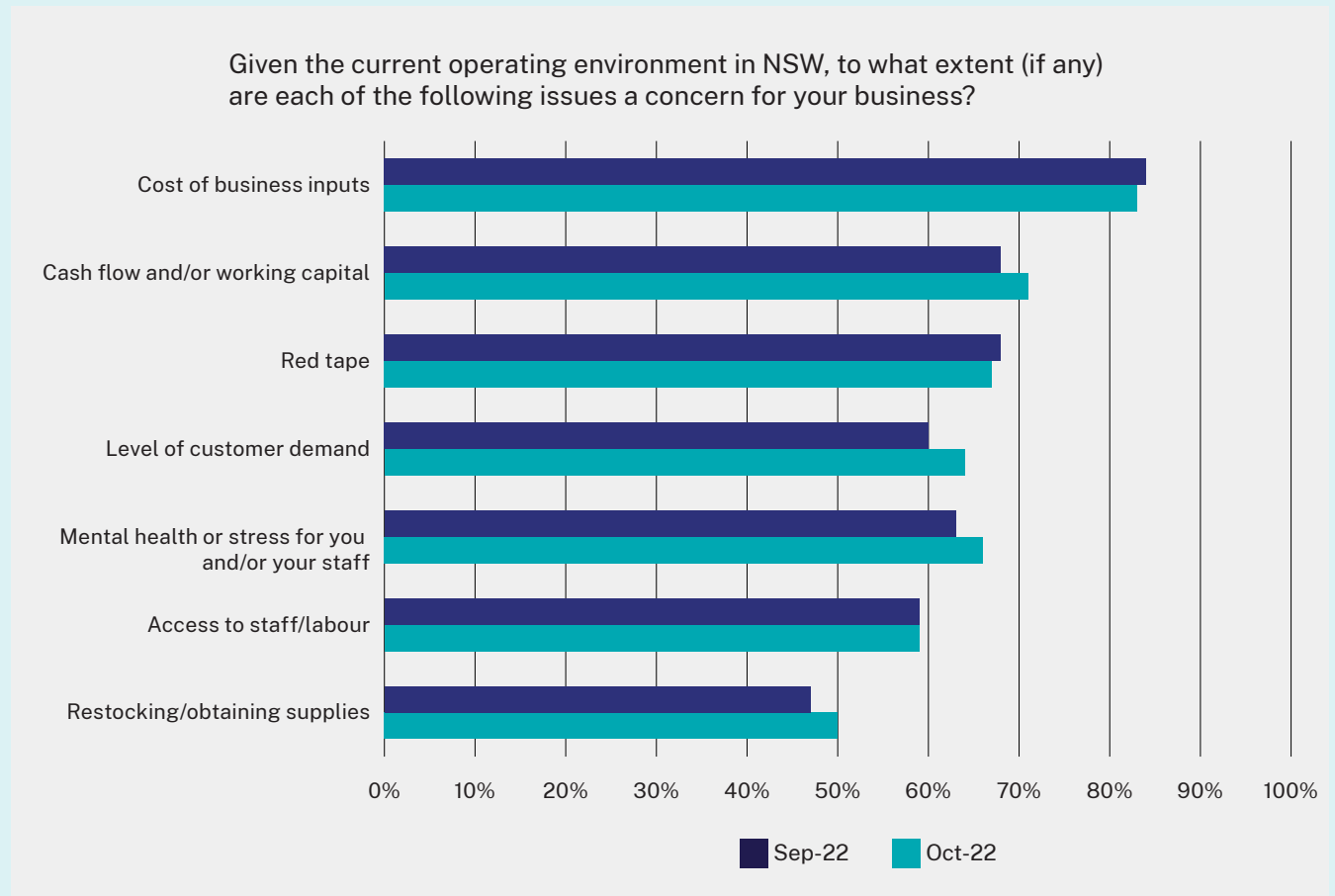


Business conditions



“The cost of gas and electricity is unworkable, our business cannot continue if they keep increasing.”

Business concerns



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	October 22	September 22	October 22	September 22
Extremely confident	6.7%	6.8%	1.7%	2.3%
Fairly confident	23.8%	22.9%	19.2%	17.1%
About the same	30.7%	30.6%	29.4%	34.5%
Fairly worried	27.9%	31.3%	39.3%	37.6%
Extremely worried	10.9%	8.4%	10.3%	8.4%
Extremely or fairly confident	30.5%	29.8%	20.9%	19.5%

Business size	n	% sample	Confidence*
Non employing	243	36.4%	29.7%
1 – 4 employees	242	36.3%	30.9%
5 – 19 employees	143	21.4%	31.1%
20 – 199 employees	39	5.8%	32.2%
Total	667	100.0%	30.5%

Location	n	% sample	Confidence*
Greater Sydney	365	55.6%	34.1%
Regional and Rural NSW	292	44.4%	25.9%
Total	657	100.0%	30.5%

[#]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	43	6.4%	20.5%
Mining	3	0.4%	0.0%
Manufacturing	33	4.9%	37.5%
Electricity, Gas, Water and Waste Services	8	1.2%	75.0%
Construction	78	11.7%	29.7%
Wholesale Trade	24	3.6%	34.8%
Retail Trade	54	8.1%	15.4%
Accommodation and Food Services	46	6.9%	15.9%
Transport, Postal and Warehousing	36	5.4%	23.3%
Information Media and Telecommunications	22	3.3%	38.1%
Financial and Insurance Services	38	5.7%	27.8%
Rental, Hiring and Real Estate Services	30	4.5%	20.0%
Professional, Scientific and Technical Services	71	10.6%	43.8%
Administrative and Support Services	16	2.4%	12.5%
Public Administration and Safety	2	0.3%	50.0%
Education and Training	17	2.5%	37.5%
Health Care and Social Assistances	48	7.2%	53.2%
Arts and Recreation Services	10	1.5%	85.7%
Other Services	88	13.2%	39.5%
Total	667	100.0%	30.5%

*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 [#]	
	October 22	September 22	October 22	September 22	October 22	September 22	October 22	September 22
Increase	18.2%	19.3%	18.1%	19.8%	10.8%	12.7%	12.1%	16.0%
No change	41.9%	40.3%	43.9%	45.6%	34.8%	31.7%	39.0%	39.0%
Decrease	39.2%	38.5%	30.5%	27.1%	53.7%	52.7%	41.5%	38.0%
Unsure	0.7%	2.0%	7.4%	7.6%	0.7%	2.9%	7.4%	7.0%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]	October 22	September 22
	Yes	31.8%
No	50.1%	45.7%
Unsure	18.1%	17.9%

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

Nature of plans (of those who indicated 'yes') [~]	October 22	September 22
	We have plans to hire additional staff	56.6%
We have plans to purchase/rent additional property, plant and/or equipment	41.6%	36.0%
We have plans to establish or expand our online business	30.0%	27.5%
We have plans to improve the range and/or quality of our products and services	55.4%	47.4%
Other	15.5%	15.7%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=195.

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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Methodology

Fieldwork conducted between 1 October to 31 October 2022 with 667 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.