



Small Business Momentum Survey



Small
Business
Commissioner

September 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 September 2022.

Small business confidence has been volatile in recent months and dropped again in September, reversing previous gains in August. Confidence levels dropped 10 percentage points between August and September 2022 to 30 per cent, down from 40 per cent in August.

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

While business sentiment has been volatile, expectations about revenue and profitability remained relatively stable in recent months. 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 September with more than 600 small businesses across NSW responding.



Local economy

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



Concerns

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



Challenges

37 per cent of businesses indicated they have noticed delays in payment times practices.



Staff

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



Expansion

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



Profitability

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



Revenue

20 per cent expect revenue to increase, compared to 27 per cent expecting a decline.



Confidence

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



Confidence down in September

“Costs keep increasing but you can’t keep putting your rates up and expect people to purchase your services.”

Business conditions



Ongoing challenges related to escalating costs, staff shortages and economic uncertainty mean small businesses continue to navigate testing trading conditions.

The number of businesses looking at new ways of doing business remained stable in September. One in three businesses (36 per cent) indicated they currently have plans to grow, alter or expand their operations. Of those businesses with plans to expand, approximately half indicated they either had plans to hire additional staff (57 per cent) or improve the range and/or quality of products and services (47 per cent).

While the percentage of businesses expecting an increase in revenue and profit over the next three months remains relatively stable, challenging trading conditions continue to impact the outlook of many small businesses. Only one in five (20 per cent) businesses indicated they expect revenue to increase over the next three months, while one in four (27 per cent) expect revenue to decrease over the same period. There was a minor improvement in expected profitability as small businesses adjust to cost pressures and ongoing challenges in the operating environment.

Confidence

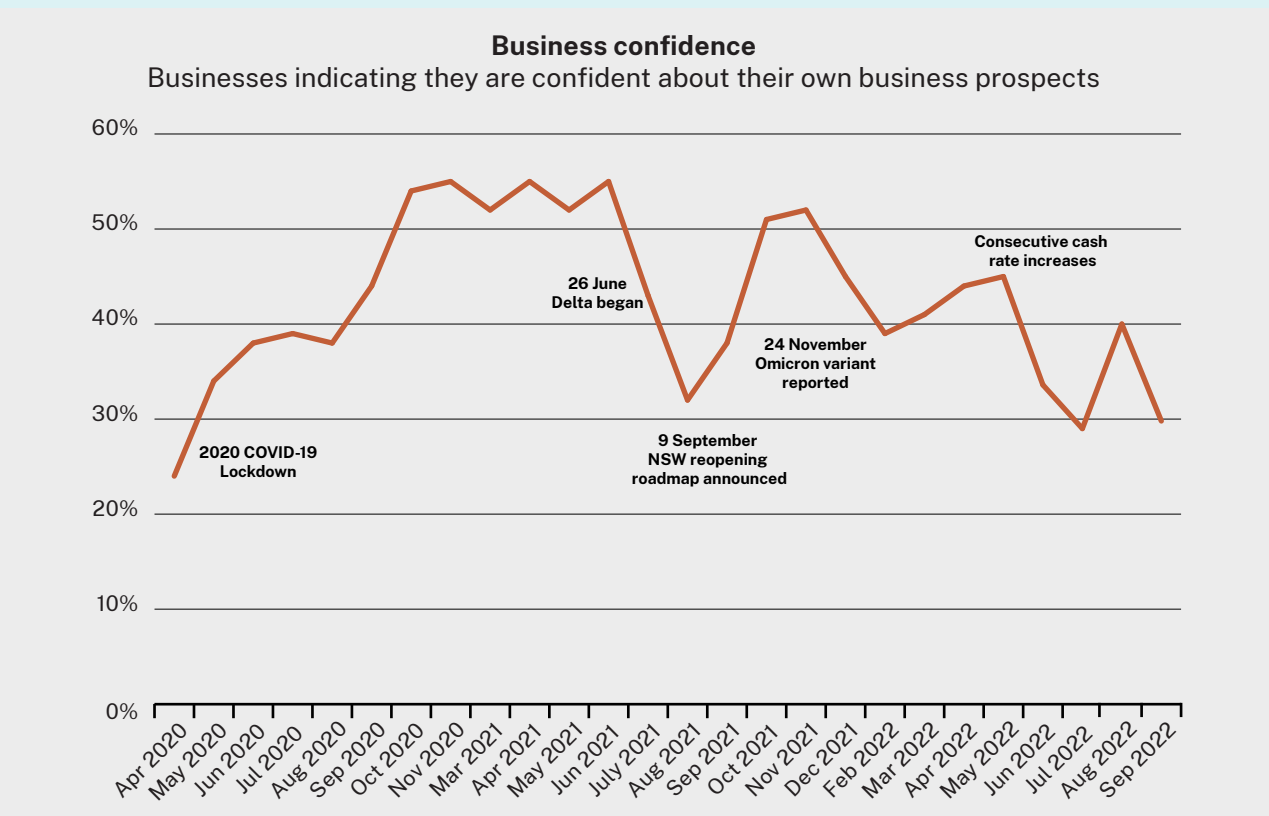
Small business confidence fell 10 percentage points in September to 30 per cent. Confidence has been volatile over recent surveys, coinciding with interest rate increases and international developments.

Business performance

Business performance indicators remained relatively stable despite sentiment declining. While there was a small increase in profitability measures, rising business costs continue to impact the outlook of many small businesses with two in five businesses (38 per cent) indicating they expect profitability to decrease over the next three months.

The business environment

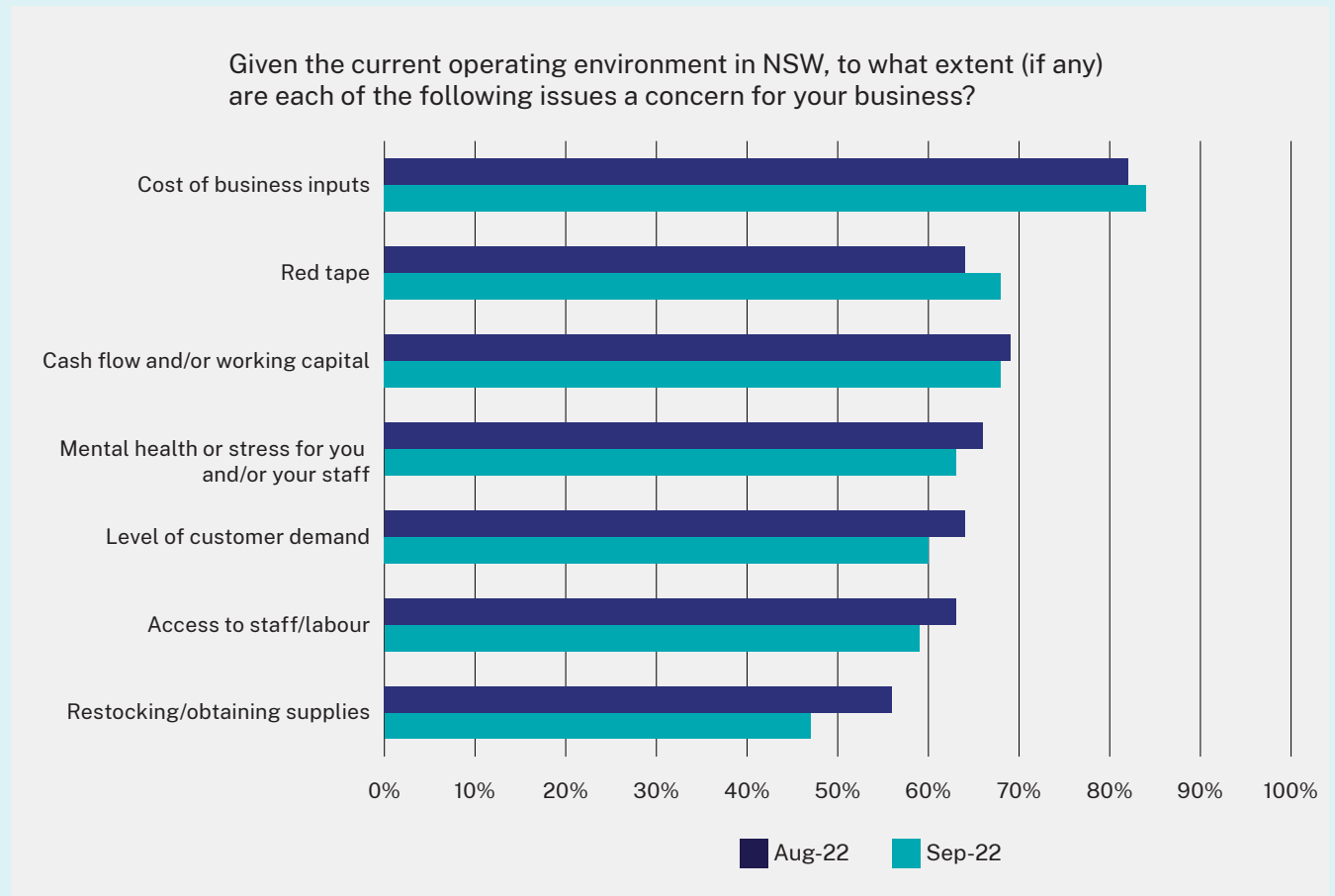
The cost of business inputs is the top concern for small businesses for a sixth consecutive month, with 84 per cent expressing concern in September. The next highest concerns were red tape followed by cashflow and availability of working capital, with 68 per cent expressing concern for each.



Business conditions

“Costs are escalating and finding staff is almost impossible. We have 5 to 19 employees listed but they are all short term casual, if we could find full-time staff our business would likely only need 3 to 4 employees.”

Business concerns



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	September 22	August 22	September 22	August 22
Extremely confident	6.8%	6.7%	2.3%	2.3%
Fairly confident	22.9%	33.3%	17.1%	23.8%
About the same	30.6%	24.1%	34.5%	29.3%
Fairly worried	31.3%	26.6%	37.6%	36.5%
Extremely worried	8.4%	9.3%	8.4%	8.1%
Extremely or fairly confident	29.8%	40.0%	19.5%	26.1%

Business size	n	% sample	Confidence*
Non employing	223	35.0%	27.2%
1 – 4 employees	216	33.9%	27.3%
5 – 19 employees	150	23.5%	38.1%
20 – 199 employees	49	7.7%	30.9%
Total	638	100.0%	29.8%

Location	n	% sample	Confidence*
Greater Sydney	370	58.9%	27.8%
Regional and Rural NSW	258	41.1%	32.7%
Total	628	100.0%	29.8%

[#]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	6.7%	42.9%
Mining	4	0.6%	66.7%
Manufacturing	29	4.5%	35.7%
Electricity, Gas, Water and Waste Services	8	1.3%	42.9%
Construction	67	10.5%	34.4%
Wholesale Trade	16	2.5%	25.0%
Retail Trade	54	8.5%	28.3%
Accommodation and Food Services	42	6.6%	26.2%
Transport, Postal and Warehousing	23	3.6%	13.6%
Information Media and Telecommunications	23	3.6%	36.4%
Financial and Insurance Services	45	7.1%	47.6%
Rental, Hiring and Real Estate Services	20	3.1%	21.1%
Professional, Scientific and Technical Services	70	11.0%	35.7%
Administrative and Support Services	8	1.3%	0.0%
Public Administration and Safety	1	0.2%	0.0%
Education and Training	22	3.4%	30.0%
Health Care and Social Assistances	45	7.1%	30.2%
Arts and Recreation Services	21	3.3%	30.0%
Other Services	97	15.2%	37.9%
Total	638	100.0%	29.8%

*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 [#]	
	September 22	August 22	September 22	August 22	September 22	August 22	September 22	August 22
Increase	19.3%	18.2%	19.8%	21.9%	12.7%	11.6%	16.0%	14.9%
No change	40.3%	40.0%	45.6%	47.1%	31.7%	33.7%	39.0%	44.0%
Decrease	38.5%	40.4%	27.1%	25.3%	52.7%	53.1%	38.0%	34.7%
Unsure	2.0%	1.4%	7.6%	5.7%	2.9%	1.7%	7.0%	6.4%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	September 22	August 22
Yes	36.4%	36.7%
No	45.7%	47.3%
Unsure	17.9%	16.0%

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

Nature of plans (of those who indicated 'yes') [~]		
	September 22	August 22
We have plans to hire additional staff	57.3%	67.0%
We have plans to purchase/rent additional property, plant and/or equipment	36.0%	38.7%
We have plans to establish or expand our online business	27.5%	18.1%
We have plans to improve the range and/or quality of our products and services	47.4%	50.9%
Other	15.7%	14.2%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=215.

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



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1300 795 534



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Methodology

Fieldwork conducted between 1 September to 30 September 2022 with 638 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.