



Small Business Momentum Survey



Small
Business
Commissioner

January 2023

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 January 2023.

Small business confidence rose significantly between December and January, increasing by 8 percentage points to 39 per cent. There are now more businesses confident in their own individual business prospects than those that are worried for the first time since August 22. There was a similar increase in the number of businesses indicating they were confident in their local economy.

Despite the improvement, businesses continue to report challenging trading conditions. Increasing input costs (including energy, rent and wages), staff shortages, higher interest rates and uneven consumer demand were cited as factors weighing on confidence in January.

Expectations about revenue and profitability strengthened in January, with one in four (23 per cent) businesses expecting revenue to increase over the next three months, up from 15 per cent in December. Strong trading conditions over the peak summer and holiday period may have contributed to the expected increase in revenue reported by some respondents.

The online survey was completed between 3 and 31 January with more than 700 small businesses across NSW responding.



Confidence

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



Concerns

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



Challenges

26 per cent of businesses indicated they were not at all familiar with insolvency processes.



Staff

54 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

16 per cent expect profitability to increase, compared to 37 per cent expecting a decline.



Revenue

23 per cent expect revenue to increase, compared to 26 per cent expecting a decline.



Local economy

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



Confidence up in January

“Costs are going up across the board. It’s difficult to pass these on to our customers, which is impacting profitability.”

Business conditions



Confidence levels increased significantly in January. Seasonal factors such as stronger trading conditions over the peak holiday and summer period may have contributed to improved sentiment for some small business respondents.

The number of businesses looking at new ways of doing business increased in January. Two in five (38 per cent) indicated they currently have plans to grow, alter or expand their operations (up from 35 per cent in December). Of those businesses with plans to expand, more than half indicated they currently have plans to either hire additional staff (54 per cent) or improve the range and/or quality of products and services (52 per cent).

The percentage of small businesses expecting an increase in revenue and profitability over the next three months increased significantly. The outlook of small businesses appears to have improved following strong trading conditions over the Christmas and holiday period. Sixteen per cent of businesses expect profitability to increase over the next three months, up from 10 per cent in December.

Confidence

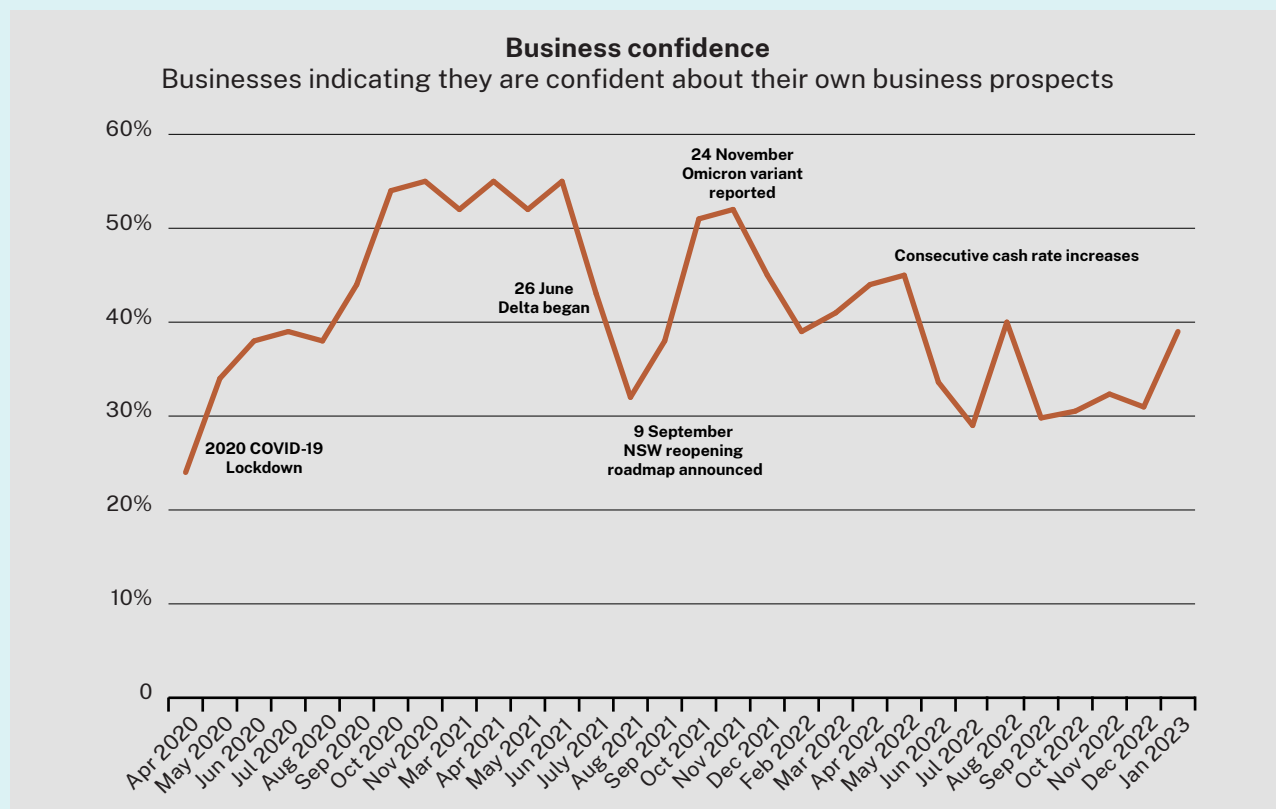
Small business confidence increased by 8 percentage points in January to 39 per cent. There are now more businesses confident in their own individual business prospects than those that are worried (33 per cent) for the first time since August 22.

Business performance

Business performance indicators improved significantly in January. While the percentage of businesses indicating they expect revenue and profits to decline remains larger compared to those that expect an improvement, the gap has closed significantly.

The business environment

The cost of business inputs is the top concern for small businesses for a tenth consecutive month with 76 per cent expressing concern. The next highest concerns were predicted retail electricity and gas price increases, followed by cash flow and availability of working capital, with 72 and 64 per cent expressing concern respectively.

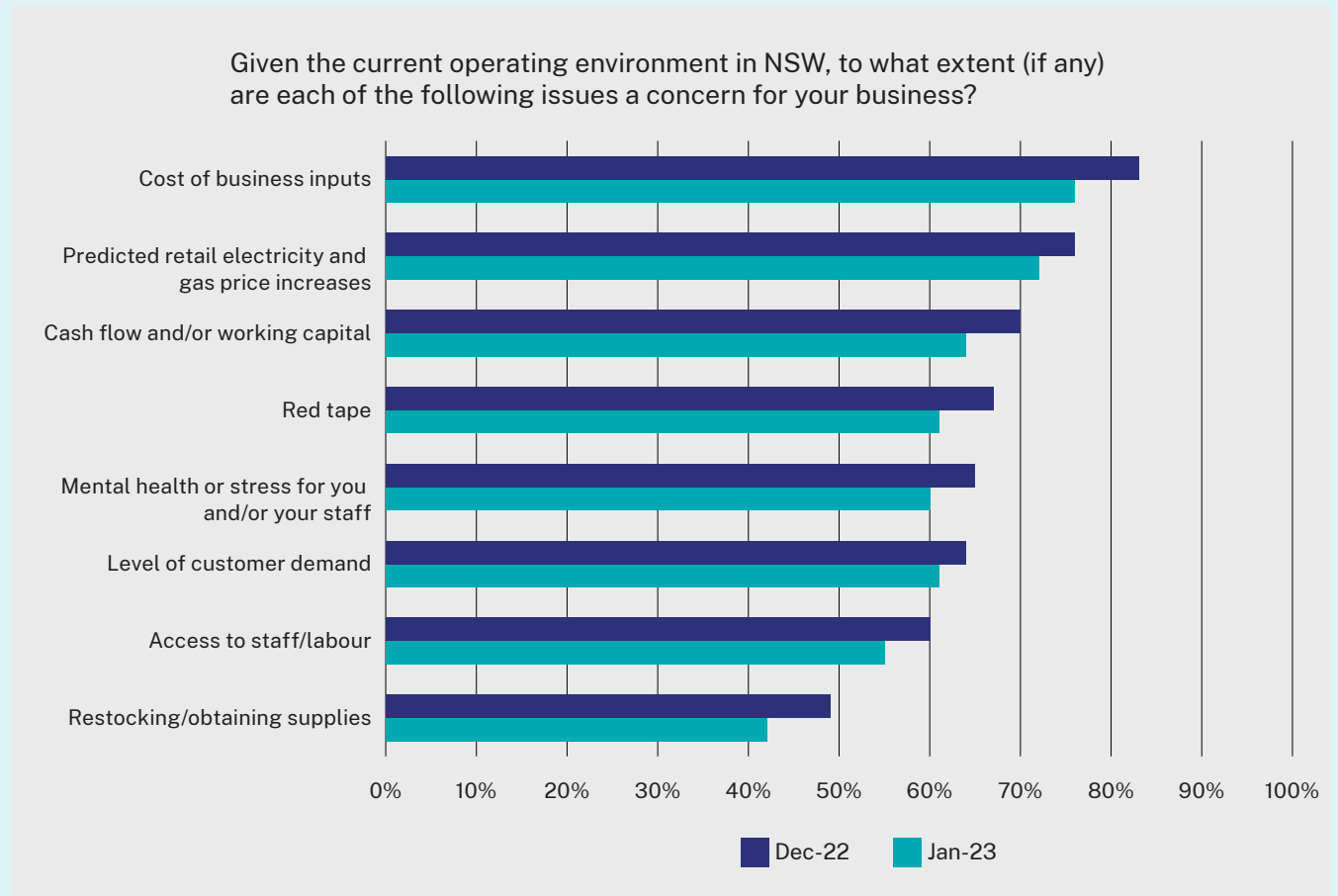


Business conditions



“Feeling stressed about the next 12 months. Increasing wage, electricity, rent, fuel and toll prices are hurting my business.”

Business concerns



Insolvency in review

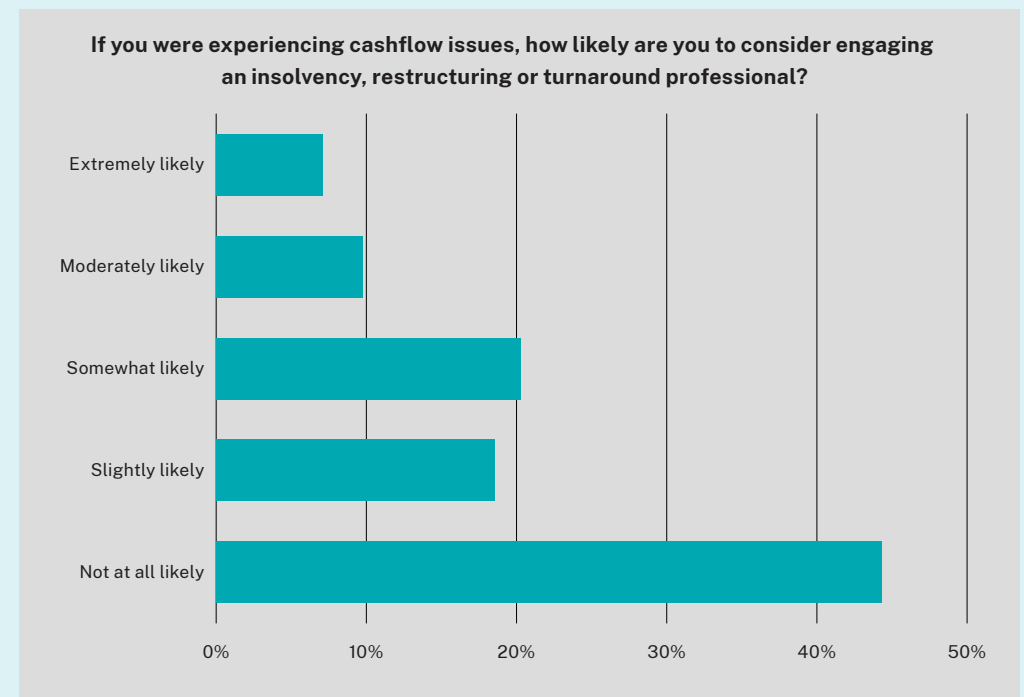
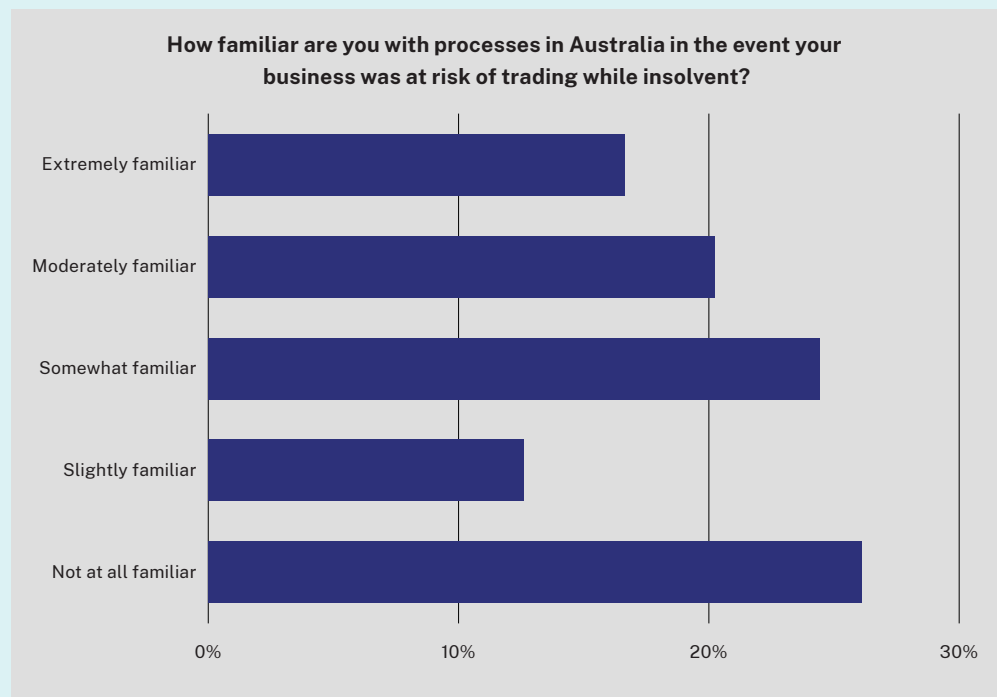


Businesses were asked how familiar they were with insolvency processes, how likely they were to engage an insolvency professional if experiencing cashflow issues and feedback on how to improve insolvency processes for small businesses.

One in four (26 per cent) businesses indicated that they were not at all familiar with insolvency processes in Australia. One in two (44 per cent) indicated they were not at all likely to consider engaging an insolvency professional if they were experiencing cashflow issues.

To improve insolvency processes in Australia, businesses suggested:

- Free financial assessments and advice
- Education and training on how to maintain healthy cashflow and avoid insolvency events
- Reviewing the fees administrators and controllers can charge and
- Better payment terms for small businesses.



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	January 2023	December 2022	January 2023	December 2022
Extremely confident	7.9%	4.4%	2.5%	2.9%
Fairly confident	30.7%	26.5%	24.9%	15.6%
About the same	28.7%	32.3%	32.9%	35.6%
Fairly worried	23.6%	23.7%	32.3%	36.0%
Extremely worried	9.2%	13.0%	7.4%	9.9%
Extremely or fairly confident	38.6%	31.0%	27.3%	18.5%

Business size	n	% sample	Confidence*
Non employing	282	38.8%	34.5%
1 – 4 employees	243	33.5%	38.8%
5 – 19 employees	155	21.3%	41.9%
20 – 199 employees	46	6.3%	53.1%
Total	726	100.0%	38.6%

Location	n	% sample	Confidence*
Greater Sydney	394	55.6%	37.0%
Regional and Rural NSW	315	44.4%	41.4%
Total	709	100.0%	38.6%

[#]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	58	8.0%	33.3%
Mining	3	0.4%	33.3%
Manufacturing	33	4.5%	22.6%
Electricity, Gas, Water and Waste Services	16	2.2%	31.3%
Construction	90	12.4%	33.3%
Wholesale Trade	18	2.5%	41.2%
Retail Trade	78	10.7%	22.2%
Accommodation and Food Services	36	5.0%	59.4%
Transport, Postal and Warehousing	29	4.0%	34.5%
Information Media and Telecommunications	26	3.6%	34.6%
Financial and Insurance Services	45	6.2%	39.5%
Rental, Hiring and Real Estate Services	25	3.4%	50.0%
Professional, Scientific and Technical Services	75	10.3%	45.8%
Administrative and Support Services	12	1.7%	33.3%
Public Administration and Safety	0	0.0%	N/A
Education and Training	19	2.6%	44.4%
Health Care and Social Assistances	31	4.3%	41.4%
Arts and Recreation Services	23	3.2%	47.6%
Other Services	109	15.0%	29.5%
Total	726	100.0%	38.6%

*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 [#]	
	January 23	December 22	January 23	December 22	January 23	December 22	January 23	December 22
Increase	19.9%	17.1%	22.8%	15.5%	11.1%	11.2%	16.5%	9.6%
No change	41.7%	39.2%	45.7%	40.5%	40.0%	32.8%	41.6%	39.2%
Decrease	36.5%	42.6%	26.3%	37.8%	46.6%	53.2%	36.6%	44.5%
Unsure	1.9%	1.1%	5.2%	6.3%	2.3%	2.8%	5.3%	6.7%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	January 23	December 22
Yes	37.7%	35.5%
No	46.7%	51.1%
Unsure	15.6%	13.4%

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

Nature of plans (of those who indicated 'yes') [~]		
	January 23	December 22
We have plans to hire additional staff	53.6%	54.8%
We have plans to purchase/rent additional property, plant and/or equipment	43.3%	36.2%
We have plans to establish or expand our online business	25.6%	23.2%
We have plans to improve the range and/or quality of our products and services	52.3%	57.5%
Other	15.9%	14.5%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=253.

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 3 January to 31 January 2023 with 726 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.