



# Small Business Momentum Survey



Small  
Business  
Commissioner

March 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 March 2023.

Small business confidence moderated for a second consecutive month in March, decreasing by 4 percentage points to 30 per cent.

Businesses continue to report challenging trading conditions. Increasing input costs (including energy, wages, fuel and rent), staff shortages, higher interest rates and uneven customer demand were cited as factors weighing on confidence in March.

Expectations about revenue and profitability weakened further in March, with 11 per cent of businesses expecting profitability to increase over the next three months, down 3 percentage points from February. Concerns and impacts relating to inflation and consumer spending may have contributed to the expected decline in profitability reported by some respondents.

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



## Confidence

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



## Concerns

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



## Challenges

There was a 9 percentage point increase in the number of businesses reporting they were concerned about the level of customer demand.



## Staff

47 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

11 per cent expect profitability to increase, compared to 40 per cent expecting a decline.



## Revenue

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



## Local economy

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



Confidence down in March

“Rising interest rates are having a significant impact on our sales and overheads”.

# Business conditions



Business conditions moderated for a second consecutive month in March. High inflation and interest rates mean small businesses continue to navigate challenging trading conditions.

The number of businesses looking at new ways of doing business has remained relatively stable throughout the history of the survey despite declining marginally again in March. One in three (36 per cent) of businesses indicated they have plans to grow, alter or expand their operations (down from 37 per cent in February). Of those businesses with plans to expand, the percentage of businesses looking to hire staff has declined significantly since August 2022 (67 per cent), declining 20 percentage points to 47 per cent in March 2023.

The percentage of small businesses expecting an increase in revenue and profitability over the next three months decreased moderately. Sixteen per cent of businesses expect revenue to increase over the next three months, down 5 percentage points from February.

## Confidence

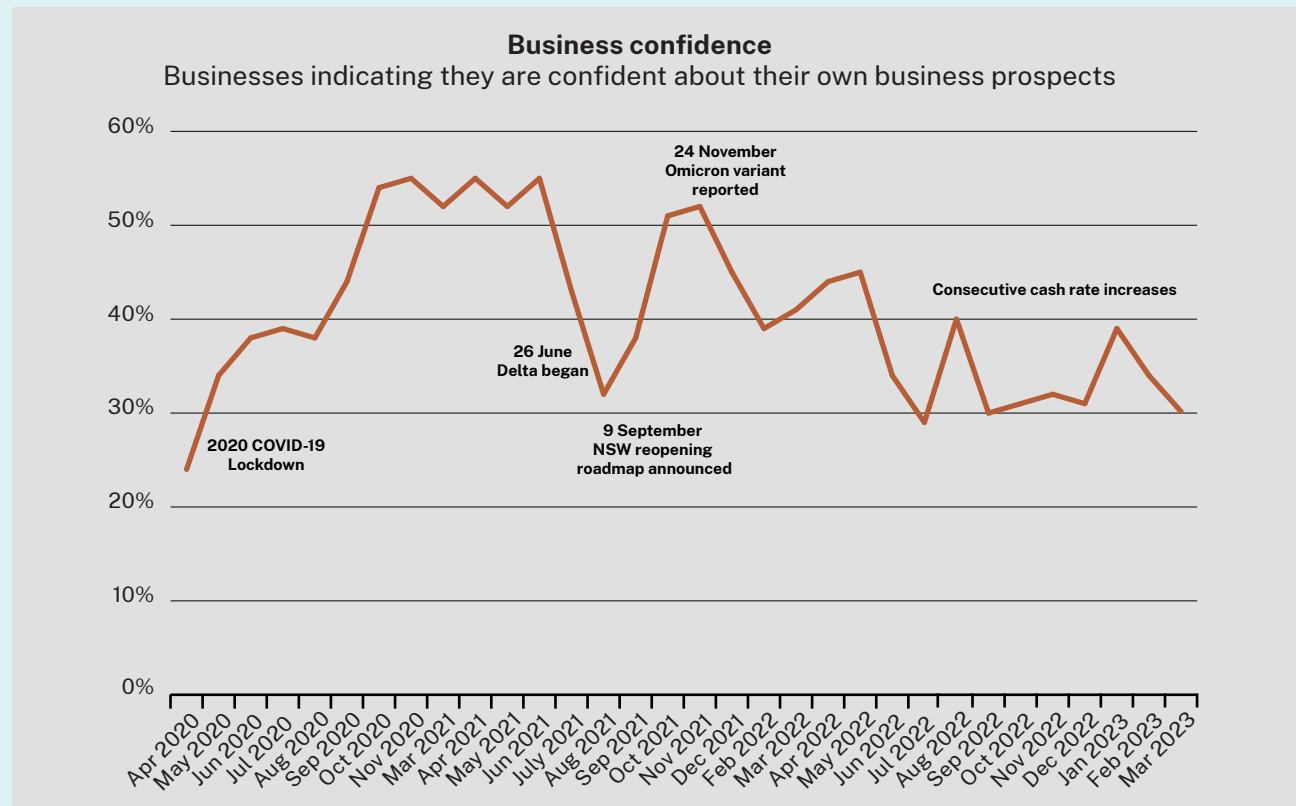
Small business confidence decreased by 4 percentage points in March to 30 per cent. Regional businesses are significantly more confident (34 per cent) about their own prospects than businesses in Greater Sydney (27 per cent).

## Business performance

Business performance indicators moderated for a second consecutive month in March after improving in January. The percentage of businesses indicating they expect revenue and profits to decline remains 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 twelfth consecutive month, with 78 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 77 per cent and 74 per cent expressing concern respectively.

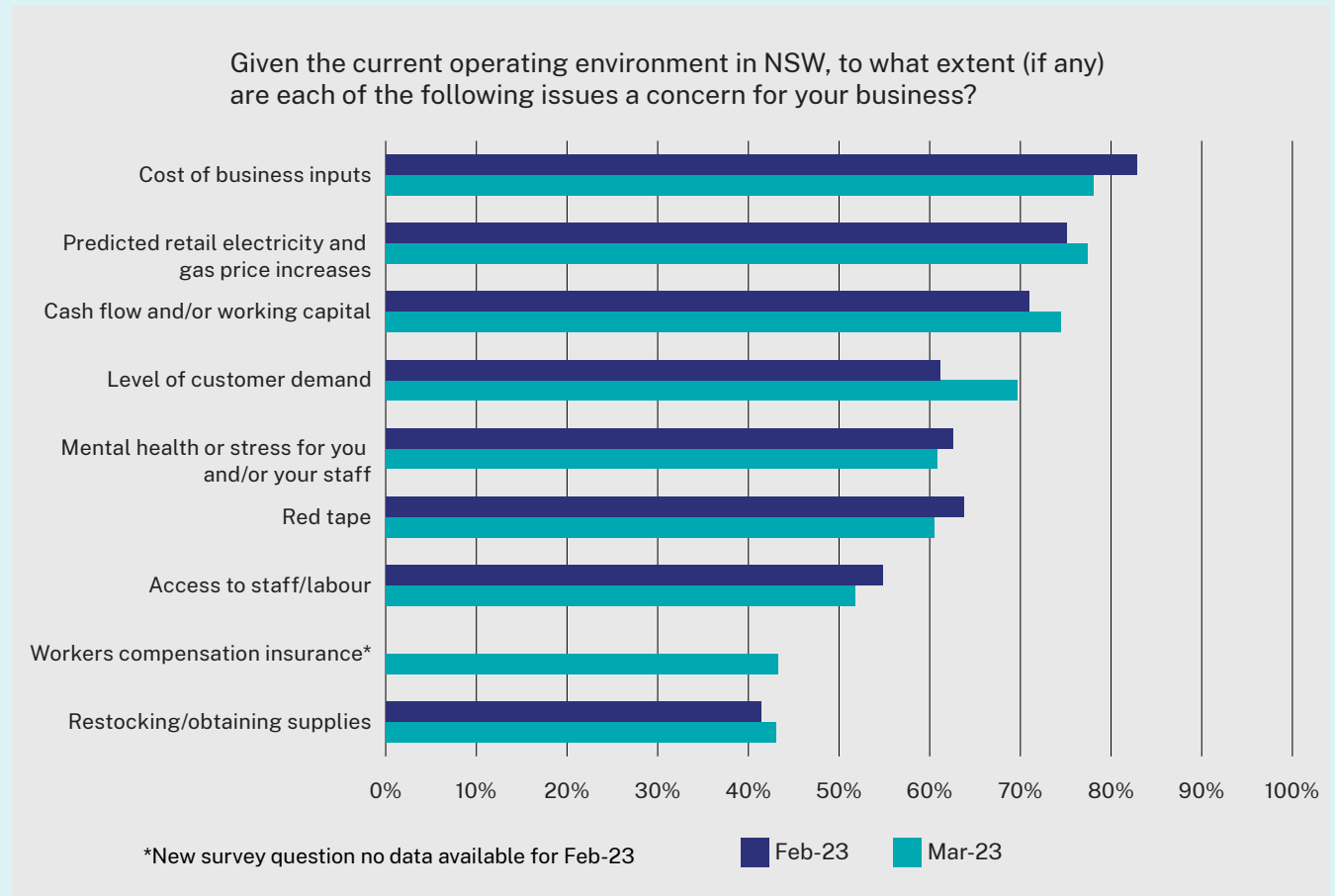


# Business conditions



“We can’t seem to find new staff to expand or replace staff that have left. This is the toughest labour market we’ve seen in the 20 years we have been in business.”

## Business concerns



# Detailed results



## Confidence

	Confidence – in own business prospects <sup>#</sup>		Confidence – in local economy <sup>#</sup>	
	March 2023	February 2023	March 2023	February 2023
Extremely confident	7.3%	6.5%	2.9%	1.1%
Fairly confident	22.8%	27.3%	15.2%	20.9%
About the same	27.7%	26.3%	32.2%	30.6%
Fairly worried	31.6%	28.9%	39.0%	38.7%
Extremely worried	10.6%	11.0%	10.8%	8.6%
<b>Extremely or fairly confident</b>	<b>30.2%</b>	<b>33.8%</b>	<b>18.0%</b>	<b>22.1%</b>

Business size	n	% sample	Confidence*
Non employing	287	43.5%	30.2%
1 – 4 employees	230	34.8%	24.5%
5 – 19 employees	112	17.0%	42.5%
20 – 199 employees	31	4.7%	29.8%
<b>Total</b>	<b>660</b>	<b>100.0%</b>	<b>30.2%</b>

Location	n	% sample	Confidence*
Greater Sydney	331	50.5%	26.9%
Regional and Rural NSW	324	49.5%	34.4%
<b>Total</b>	<b>655</b>	<b>100.0%</b>	<b>30.2%</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	60	9.1%	20.7%
Mining	3	0.5%	0.0%
Manufacturing	24	3.6%	30.0%
Electricity, Gas, Water and Waste Services	13	2.0%	8.3%
Construction	97	14.7%	34.8%
Wholesale Trade	20	3.0%	30.0%
Retail Trade	76	11.5%	18.1%
Accommodation and Food Services	23	3.5%	20.0%
Transport, Postal and Warehousing	32	4.8%	18.5%
Information Media and Telecommunications	26	3.9%	28.0%
Financial and Insurance Services	42	6.4%	37.8%
Rental, Hiring and Real Estate Services	20	3.0%	35.0%
Professional, Scientific and Technical Services	57	8.6%	32.1%
Administrative and Support Services	4	0.6%	33.3%
Public Administration and Safety	0	0.0%	N/A
Education and Training	17	2.6%	50.0%
Health Care and Social Assistances	47	7.1%	40.9%
Arts and Recreation Services	13	2.0%	25.0%
Other Services	86	13.0%	20.8%
<b>Total</b>	<b>660</b>	<b>100.0%</b>	<b>30.2%</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>	
	March 23	February 23	March 23	February 23	March 23	February 23	March 23	February 23
Increase	14.1%	17.0%	15.7%	20.8%	9.6%	6.2%	10.8%	13.7%
No change	45.5%	38.5%	45.6%	42.7%	36.9%	32.1%	40.8%	35.7%
Decrease	39.1%	43.2%	30.5%	29.4%	51.2%	57.5%	39.6%	41.6%
Unsure	1.3%	1.3%	8.1%	7.1%	2.3%	4.3%	8.9%	9.1%

<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>		
	March 23	February 23
Yes	35.6%	36.9%
No	44.8%	49.2%
Unsure	19.6%	13.9%

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

Nature of plans (of those who indicated 'yes') <sup>~</sup>		
	March 23	February 23
We have plans to hire additional staff	46.7%	45.3%
We have plans to purchase/rent additional property, plant and/or equipment	38.8%	35.1%
We have plans to establish or expand our online business	26.0%	27.9%
We have plans to improve the range and/or quality of our products and services	52.8%	49.5%
Other	18.0%	16.9%

<sup>~</sup>Respondents able to select multiple options; weighted according to industry share of the small business population; n=211.

# 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



**Get more information**

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## Methodology

Fieldwork conducted between 1 March to 31 March 2023 with 660 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.

