



Small Business Momentum Survey



Small
Business
Commissioner

July 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 July 2023.

Small business confidence rose between June and July, increasing by 4 percentage points to 28 per cent.

Businesses continue to report challenging trading conditions. Increasing input costs including energy, fuel, materials, superannuation and wages were reported as impacting small business. Staff shortages, higher interest rates, economic uncertainty and weaker customer demand were also cited as factors weighing on confidence in July.

Expectations about revenue and profitability improved in July, offsetting the moderation observed between May and June. One in ten (11 per cent) businesses expect profitability to increase over the next three months, up 4 per centage points from June. Concerns and impacts relating to inflation and consumer spending may have contributed to the dampened outlook reported by some businesses.

The online survey was completed between 2 and 31 July with more than 600 small businesses across NSW responding.

		Previous month
	Confidence 28 per cent of businesses indicated they were confident about their individual business prospects.	↑
	Concerns 85 per cent of businesses indicated they were concerned about the cost of business inputs.	↓
	Momentum The Momentum Index* increased by 1.7 points between June and July to 84.2 index points.	↑
	Staff 52 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 11 per cent expect profitability to increase, compared to 46 per cent expecting a decline.	↑
	Revenue 18 per cent expect revenue to increase, compared to 36 per cent expecting a decline.	↑
	Local economy 17 per cent of businesses indicated they were confident about their local economy.	↑



“Significantly increased interest rates and the rising cost of utilities is making us concerned about our expenses”.

*See page 9 for more information on the Momentum Index.

Business conditions



Business conditions improved in July after moderating over the past two months. The RBA's decision to leave the cash rate unchanged may have contributed to an improved business outlook, with some respondents citing recent increases as a concern for their business. Despite the improvement, business conditions remain weak with many businesses concerned about their future prospects.

The number of businesses looking at new ways of doing business fell in July, decreasing by 2 percentage points to 32 per cent, below the series average of 35 per cent. Of those businesses with plans to expand, the percentage indicating 'other' rose for a third consecutive month, increasing by a percentage point to 22 per cent, a record result.

The percentage of businesses expecting an increase in revenue and profitability increased in July. Seventeen per cent of businesses expect revenue to increase over the next three months, up 8 percentage points from June.

Confidence

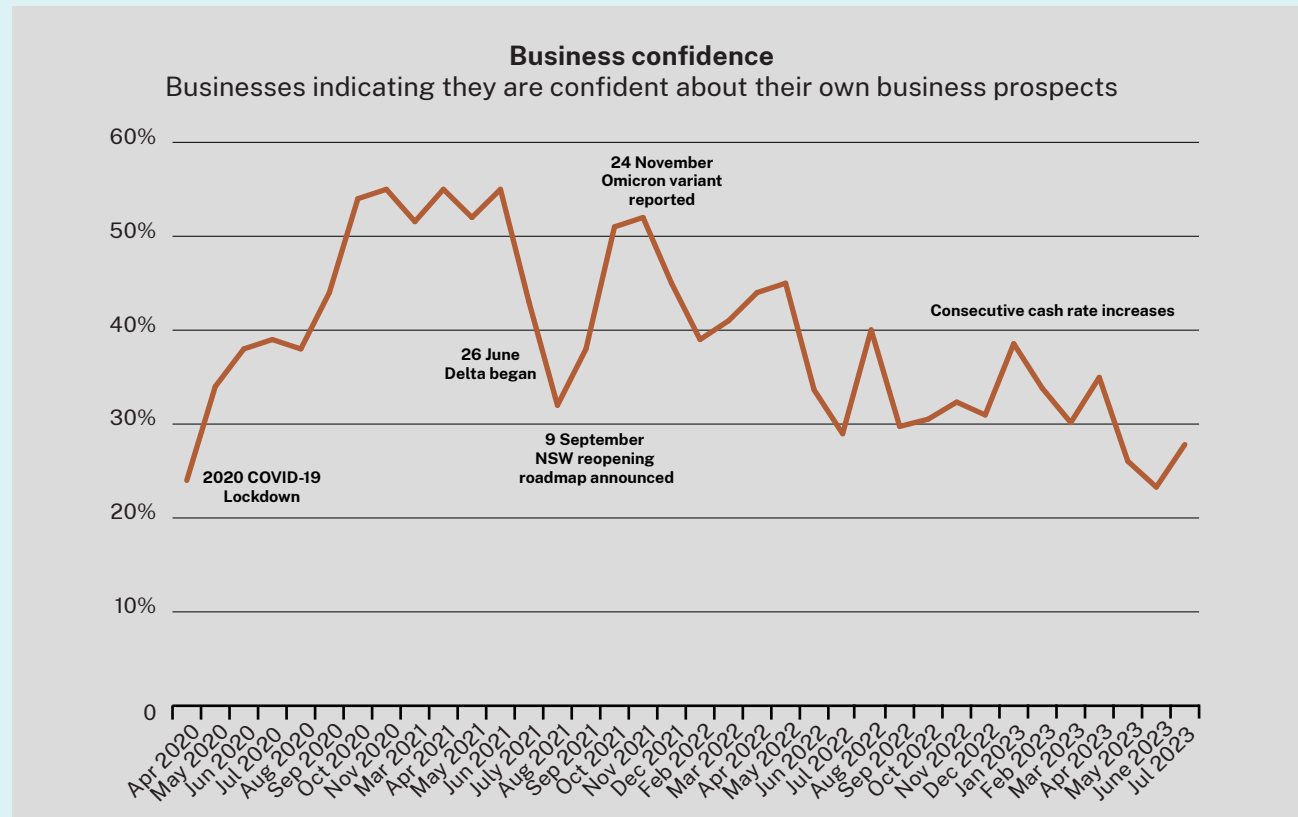
Small business confidence increased by 4 percentage points in July to 28 per cent. There are significantly more businesses worried (45 per cent) about their individual business prospects than those that are confident.

Business performance

Business performance indicators improved in July after moderating for two consecutive months. The percentage of businesses indicating they expect revenue and profitability to decline continues to be 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 sixteenth consecutive month, with 85 per cent expressing concern. The next highest concerns were predicted retail electricity and gas price increases, followed by cashflow and the availability of working capital, with 78 per cent and 69 per cent expressing concern respectively.

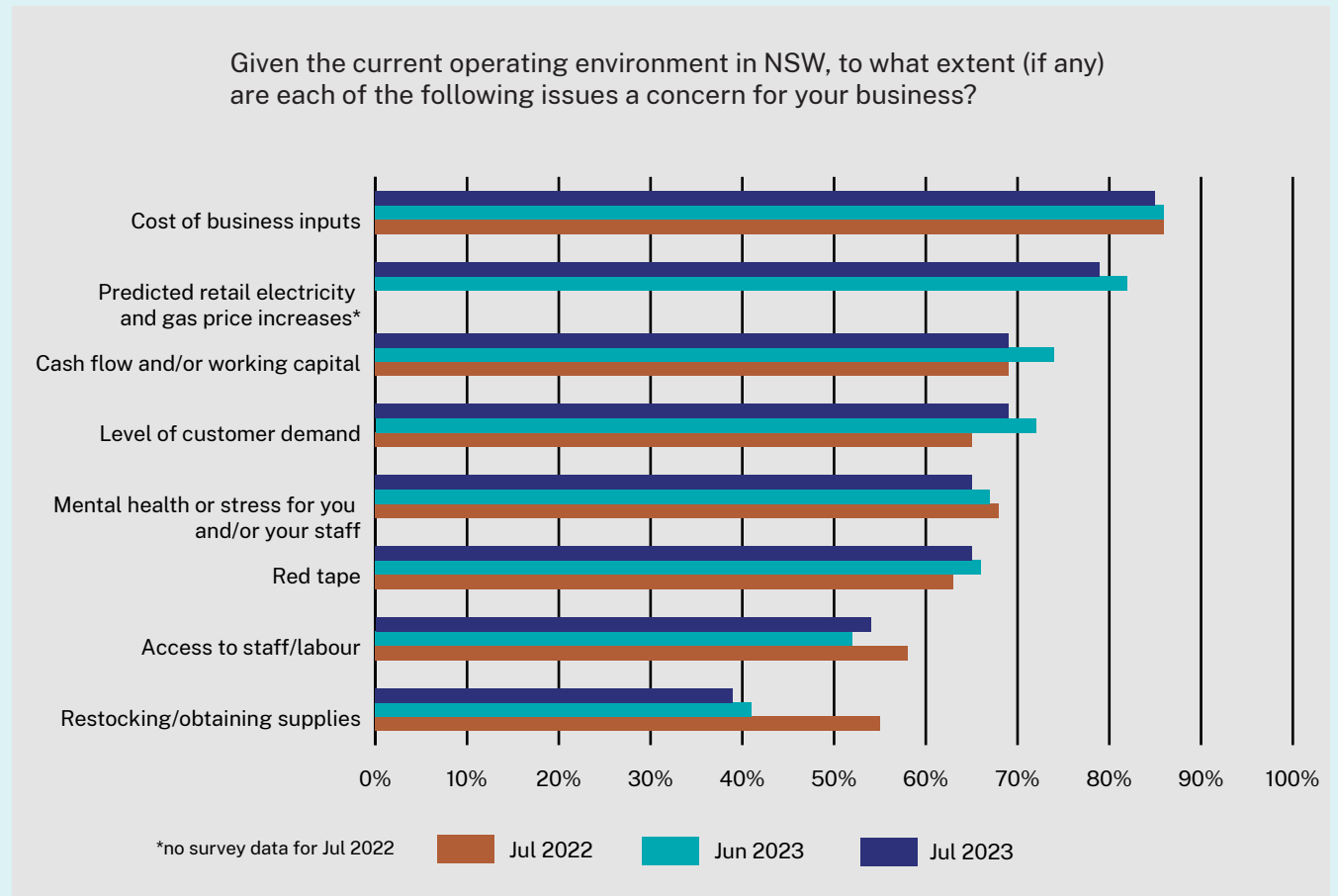


Business conditions



“Our biggest concern is increasing prices to offset rising costs and then potentially losing even more customers.”

Business concerns





Debra Moore, Moorebank Vineyard Estate, Pokolbin NSW

"We're not short on ideas to pivot the business, but it's difficult finding the time and money to get projects over the line with all the other responsibilities that come with running a small business".

Moorebank Vineyard Estate

Moorebank Vineyard in the Hunter Valley has been operational for 37 years. Owner and founder Debra Moore is proud of the unique hand-made products they offer, such as their famous Spicy Grape Sauce, Moorescato & Spiced Pickled Grapes, using family recipes handed down from her 102 year-old grandmother.

How is business?

Business is tough, with visitor numbers coming into the Hunter down, which means there are less people coming to our cellar door. Increasing interest rates and cost of living pressures mean people have less money to spend on travel.

What's your biggest challenge at the moment?

Our biggest challenge is getting our name out there and raising awareness of our unique products. We offer products that nobody else in the market does, but it's been difficult finding the time and funds to advertise our business to tell our story and the products we sell.

How does this impact your business?

It means we need to spend more time, money and staff out and about at festivals and markets to give our products visibility. As a family owned and operated vineyard that means we're spread very thin between the vineyard and attending these events. It's currently only myself and my two adult children working full-time in the business.

What are you doing to address this challenge?

It's a really challenging time to be a small business owner and no potential solution comes without a catch. We're trying to increase foot traffic to our vineyard and do fewer events by digitising our communications and creating online content. However, doing these things takes time and resources which we currently don't have. We're trying to grow the business while juggling everything else but it's a delicate balancing act.

Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	July 2023	June 2023	July 2023	June 2023
Extremely confident	↑ 4.8%	4.2%	↑ 1.9%	0.6%
Fairly confident	↑ 23.0%	19.1%	↑ 15.1%	12.0%
About the same	↑ 27.8%	26.2%	↑ 28.6%	25.2%
Fairly worried	↓ 30.8%	36.4%	↓ 41.0%	45.0%
Extremely worried	↓ 13.5%	14.1%	↓ 13.4%	17.2%
Extremely or fairly confident	↑ 27.8%	23.3%	↑ 16.9%	12.6%

Business size	n	% sample	Confidence*	Previous month
Non employing	242	35.7%	30.6%	↑
1 – 4 employees	205	30.3%	23.6%	↑
5 – 19 employees	173	25.6%	29.3%	↓
20 – 199 employees	57	8.4%	24.8%	↑
Total	677	100.0%	27.8%	↑

Location	n	% sample	Confidence*	Previous month
Greater Sydney	352	52.5%	27.0%	↑
Regional and Rural NSW	318	47.5%	29.3%	↑
Total	670	100.0%	27.8%	↑

[#]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*	Previous month
Agriculture, Forestry and Fishing	36	5.3%	11.8%	↓
Mining	3	0.4%	50.0%	↑
Manufacturing	28	4.1%	20.0%	↓
Electricity, Gas, Water and Waste Services	5	0.7%	33.3%	↓
Construction	65	9.6%	22.8%	↓
Wholesale Trade	10	1.5%	60.0%	↑
Retail Trade	77	11.4%	13.7%	↑
Accommodation and Food Services	133	19.6%	12.8%	↓
Transport, Postal and Warehousing	17	2.5%	17.6%	↑
Information Media and Telecommunications	24	3.5%	45.5%	↑
Financial and Insurance Services	35	5.2%	24.2%	↓
Rental, Hiring and Real Estate Services	20	3.0%	26.3%	↑
Professional, Scientific and Technical Services	52	7.7%	40.4%	↑
Administrative and Support Services	9	1.3%	44.4%	↑
Public Administration and Safety	2	0.3%	0.0%	N/A
Education and Training	17	2.5%	35.7%	↑
Health Care and Social Assistances	36	5.3%	34.3%	↑
Arts and Recreation Services	13	1.9%	27.3%	↑
Other Services	95	14.0%	36.5%	↑
Total	677	100.0%	27.8%	↑

*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 [#]		
	July 2023	June 2023		July 2023	June 2023		July 2023	June 2023		July 2023	June 2023	
Increase	↑ 16.2%	11.8%		↑ 17.6%	9.3%		↑ 8.4%	5.7%		↑ 10.9%	6.7%	
No change	↓ 36.8%	38.7%		↓ 38.4%	39.8%		↑ 32.5%	30.3%		↑ 35.3%	31.9%	
Decrease	↓ 45.7%	47.9%		↓ 36.1%	44.8%		↓ 57.0%	62.3%		↓ 46.3%	54.5%	
Unsure	↓ 1.3%	1.6%		↑ 7.9%	6.1%		↑ 2.1%	1.7%		↑ 7.5%	6.9%	

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	July 2023	June 2023
Yes	↓ 32.1%	33.8%
No	↓ 49.6%	50.4%
Unsure	↑ 18.3%	15.9%

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

Nature of plans (of those who indicated 'yes') [~]		
	July 2023	June 2023
We have plans to hire additional staff	↑ 52.2%	46.6%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 36.1%	35.8%
We have plans to establish or expand our online business	↑ 26.8%	26.4%
We have plans to improve the range and/or quality of our products and services	↑ 53.7%	53.2%
Other	↑ 21.7%	20.9%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=191.

Detailed results



Momentum Index

	Momentum Index	Previous month
May 2023	87.3	N/A
June 2023	82.5	↓
July 2023	84.2	↑

About the Momentum Index

The Momentum Index (the Index) is forward-looking and combines a variety of indicators to provide a better overall measure of small business conditions in NSW.

The Index is comprised of three core indicators, including business decisions to hire staff or purchase capital equipment, their recent performance and expectations of their near-term performance.

The Index measures current sentiment and business performance relative to recent levels. A recording above 100 implies businesses are in an expansionary phase and picking up momentum. A recording below 100 implies businesses are in a contractionary phase and slowing down in momentum.

Please contact the Small Business Commission for more information about methodology.

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



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Methodology

Fieldwork conducted between 2 July to 31 July 2023 with 677 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.

