



Small Business Momentum Survey



Small
Business
Commissioner

May 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 May 2023.

Small business confidence declined significantly between April and May, decreasing by 9 percentage points to 26 per cent. Confidence levels are now only marginally higher than when NSW first entered lockdown in 2020.

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

Expectations about revenue and profitability moderated in May, with one in ten (9 per cent) businesses expecting profitability to increase over the next three months, down four percentage points from April. 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 1 and 31 May with more than 600 small businesses across NSW responding.

	Confidence	Previous month
	26 per cent of businesses indicated they were confident about their individual business prospects.	↓
	83 per cent of businesses indicated they were concerned about the cost of business inputs.	↓
	Business confidence in their local economy has fallen to a record low at 15 per cent.	↓
	50 per cent of businesses that have plans to expand are looking to hire additional staff.	↓
	35 per cent of businesses indicated they have plans to grow, alter or expand operations.	↑
	9 per cent expect profitability to increase, compared to 48 per cent expecting a decline.	↓
	13 per cent expect revenue to increase, compared to 39 per cent expecting a decline.	↓
	15 per cent of businesses indicated they were confident about their local economy.	↓



“Business is slowing down and we expect it to continue slowing down due to the multiple interest rate rises”.

Business conditions



Business conditions deteriorated in May, some moderation was expected following the resumption of monetary policy tightening with the RBA increasing interest rates for an eleventh time in the past twelve months. Interest rates are now at their highest level since April 2012. 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 rose in May, increasing by 4 percentage points to 35 per cent, marginally below the series average (36 per cent). Of those businesses with plans to expand, the percentage of businesses looking to improve the range and/or quality of products and services rose significantly, increasing by 11 percentage points to 64 per cent, a record result.

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

Confidence

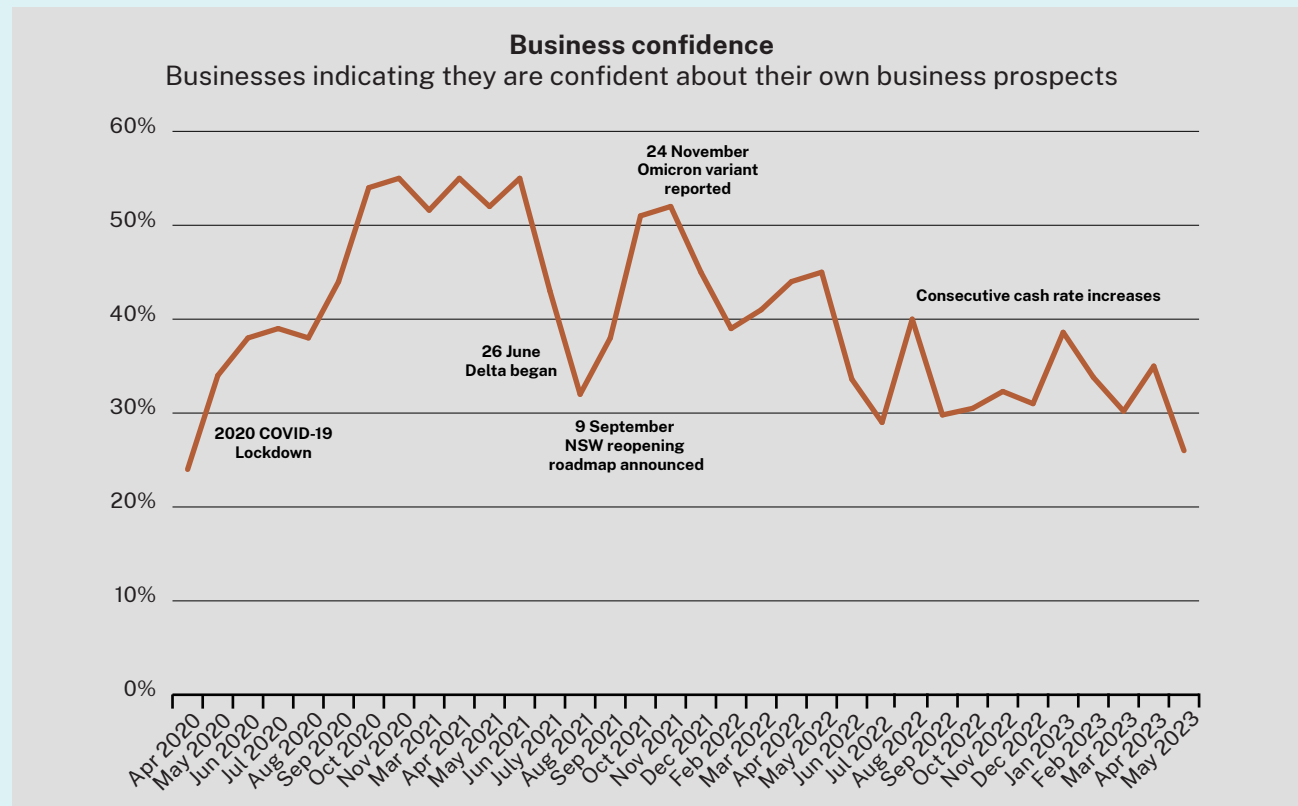
Small business confidence decreased by 9 percentage points in May to 26 per cent. There are significantly more businesses worried (46 per cent) about their individual business prospects than those that are confident.

Business performance

Business performance indicators moderated in May after marginally improving in April. The percentage of businesses indicating they expect revenue and profitability to decline continues to be 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 fourteenth consecutive month, with 83 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 78 per cent and 72 per cent expressing concern respectively.

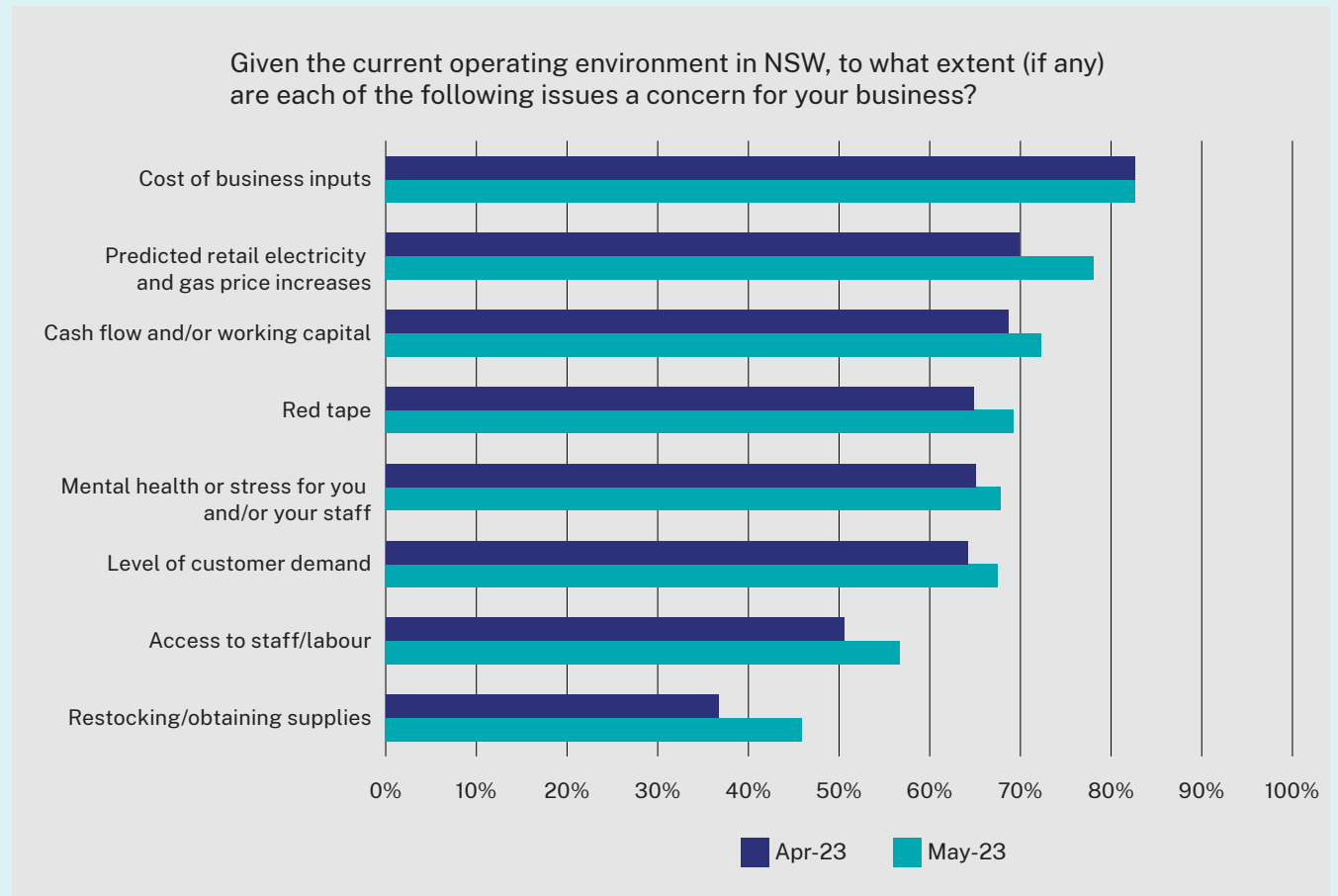


Business conditions



“There is an acute lack of staff, we have been advertising 3 positions for 12 months with no luck. We will likely close the business due to staff shortages.”

Business concerns





Sandy Chong, Suki Hairdressing, Suite 1B/2 Ocean St
Newcastle, NSW, 2300

“Over the decades I've been in business, I've experienced everything that can go wrong.”

Suki Hairdressing

Suki Hairdressing in Newcastle has been in business for 38 years. Owner Sandy Chong has forged lasting relationships with staff and loyal clientele. Suki is typically a hive of activity, with the salon often booked out daily and appointments secured well in advance.

How is business?

Business is good. We're lucky to have great relationships with our clients and the only cancellations we have are due to health reasons. We have a deposit system which discourages no-shows and I think that's something a lot of new businesses don't have the confidence to do.

What's your biggest challenge at the moment?

We have found it a challenge to find and keep a great apprentice to help with our staff shortage. Unfortunately, in the industry there is a high percentage of apprentices that start an apprenticeship but don't finish.

How does this impact your business?

We currently employ 13 staff and are hoping to expand soon so that we can increase the number of trading days. At the moment we only trade four days a week because of the size and availability of our team. Most of them work part-time, juggling work with family responsibilities, and cannot commit to more hours.

What are you doing to address this challenge?

I'm addressing this challenge by investing in new staff from the outset, offering them on-the-job training, flexible working conditions, and instilling in them a sense and pride and passion for their work. Most of my team have been working at Suki for decades, and many I have trained myself. I don't believe poaching staff is the solution to a skills shortage and prefer developing my own staff by investing in apprenticeships for the future sustainability of Suki and the industry.

Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	May 2023	April 2023	May 2023	April 2023
Extremely confident	↓ 6.1%	6.8%	↓ 1.5%	2.6%
Fairly confident	↓ 20.0%	28.2%	↓ 13.1%	22.8%
About the same	↑ 28.1%	27.2%	↑ 31.8%	30.0%
Fairly worried	↑ 33.2%	27.0%	↑ 41.7%	35.2%
Extremely worried	↑ 12.6%	10.9%	↑ 12.0%	9.4%
Extremely or fairly confident	↓ 26.0%	35.0%	↓ 14.6%	25.4%

Business size	n	% sample	Confidence*	Previous month
Non employing	249	38.2%	21.8%	↓
1 – 4 employees	217	33.3%	25.6%	↓
5 – 19 employees	143	22.0%	34.9%	↑
20 – 199 employees	42	6.5%	21.6%	↓
Total	651	100.0%	26.0%	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	382	59.4%	24.9%	↓
Regional and Rural NSW	261	40.6%	27.9%	↓
Total	643	100.0%	26.0%	↓

[#]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	45	6.9%	33.3%	↑
Mining	1	0.2%	100.0%	↑
Manufacturing	32	4.9%	13.8%	↓
Electricity, Gas, Water and Waste Services	13	2.0%	33.3%	↑
Construction	89	13.7%	9.8%	↓
Wholesale Trade	21	3.2%	30.0%	↓
Retail Trade	52	8.0%	23.5%	↓
Accommodation and Food Services	21	3.2%	27.8%	↑
Transport, Postal and Warehousing	32	4.9%	12.9%	↓
Information Media and Telecommunications	14	2.2%	23.1%	↓
Financial and Insurance Services	36	5.5%	36.7%	↑
Rental, Hiring and Real Estate Services	23	3.5%	50.0%	↑
Professional, Scientific and Technical Services	80	12.3%	30.8%	↓
Administrative and Support Services	11	1.7%	9.1%	↓
Public Administration and Safety	1	0.2%	0.0%	N/A
Education and Training	21	3.2%	21.1%	↓
Health Care and Social Assistances	51	7.8%	36.2%	↑
Arts and Recreation Services	22	3.4%	20.0%	↓
Other Services	86	13.2%	30.6%	↑
Total	651	100.0%	26.0%	↓

*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 [#]	
	May 2023	April 2023	May 2023	April 2023	May 2023	April 2023	May 2023	April 2023
Increase	↓ 13.9%	15.9%	↓ 13.3%	18.5%	↓ 8.2%	9.1%	↓ 8.6%	12.2%
No change	↓ 38.3%	40.3%	↓ 40.4%	43.8%	↓ 29.6%	34.6%	↓ 36.2%	41.1%
Decrease	↑ 45.4%	42.4%	↑ 38.6%	29.3%	↑ 60.4%	54.5%	↑ 47.5%	38.4%
Unsure	↑ 2.4%	1.4%	↓ 7.7%	8.4%	↓ 1.8%	1.8%	↓ 7.8%	8.4%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	May 2023	April 2023
Yes	↑ 34.8%	30.7%
No	↓ 49.6%	52.3%
Unsure	↓ 15.6%	17.0%

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

Nature of plans (of those who indicated 'yes') [~]		
	May 2023	April 2023
We have plans to hire additional staff	↓ 49.8%	50.3%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 35.6%	42.5%
We have plans to establish or expand our online business	↓ 28.5%	31.8%
We have plans to improve the range and/or quality of our products and services	↑ 63.5%	52.6%
Other	↑ 15.8%	14.5%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=207.

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 1 May to 31 May 2023 with 651 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.

