



# Small Business Momentum Survey



Small  
Business  
Commissioner

December 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 December 2023.

Small business confidence improved between November and December, increasing by three percentage points to 33 per cent. Overall momentum, as measured by the Momentum Index, slowed down for a second consecutive month. This was partially due to the percentage of businesses planning to purchase or rent additional property, plant and/or equipment declining significantly.

Businesses continue to report challenging trading conditions. Rising costs, including fuel, materials, rent, wages and utilities were reported as impacting small businesses. Staff shortages, higher interest rates, exchange rates, climate and weather-related risks, global instability and weaker customer demand were also cited as factors weighing on confidence.

Expectations about revenue and profitability remained stable between November and December despite the upcoming holiday period. One in ten (10 per cent) businesses expect profitability to increase over the next three months, up one percentage point from November.

The online survey was completed between 1 and 28 December with more than 500 small businesses across NSW responding.

		Previous month
	<b>Confidence</b> 33 per cent of businesses indicated they were confident about their individual business prospects.	↑
	<b>Concerns</b> 84 per cent of businesses indicated they were concerned about the cost of business inputs.	↑
	<b>Momentum*</b> The Momentum Index decreased by 3.5 points, to 91.6.	↓
	<b>Staff</b> 44 per cent of businesses that have plans to expand are looking to hire additional staff.	↑
	<b>Expansion</b> 32 per cent of businesses indicated they have plans to grow, alter or expand operations.	↓
	<b>Profitability</b> 10 per cent expect profitability to increase, compared to 48 per cent expecting a decline.	↑
	<b>Revenue</b> 15 per cent expect revenue to increase, compared to 40 per cent expecting a decline.	↓
	<b>Local economy</b> 20 per cent of businesses indicated they were confident about their local economy.	↑



"Customers are taking longer to pay, and although none of it is malicious, overdue accounts are stacking up".

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

# Business conditions



Business conditions stabilised in December, with an increase in sentiment offset by a slowdown in momentum.

The number of businesses looking at new ways of growing, altering or expanding their operations declined in December, decreasing by 5 percentage points to 32 per cent. This is below the series average of 35 per cent. Of those businesses with plans to expand, the percentage planning to purchase or rent additional property, plant and/or equipment fell significantly, decreasing by 15 percentage points to 19 per cent, a record low.

The percentage of businesses expecting an increase in revenue remained unchanged in December. Fifteen percent of businesses expect revenue to increase over the next three months, the same percentage as November and the same time last year.

## Confidence

Small business confidence improved by three percentage points in December to 33 per cent. Businesses in Greater Sydney (36 per cent) were significantly more confident about their individual business prospects than those in Regional and Rural NSW (28 per cent).

## Business performance

Business performance indicators stabilised in December. The percentage of businesses indicating they expect revenue and probability 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 twenty-first consecutive month, with 84 per cent expressing concern. The next highest concerns were predicted retail electricity and gas price increases, followed by cashflow and availability of working capital, with 76 per cent and 70 per cent expressing concern respectively.

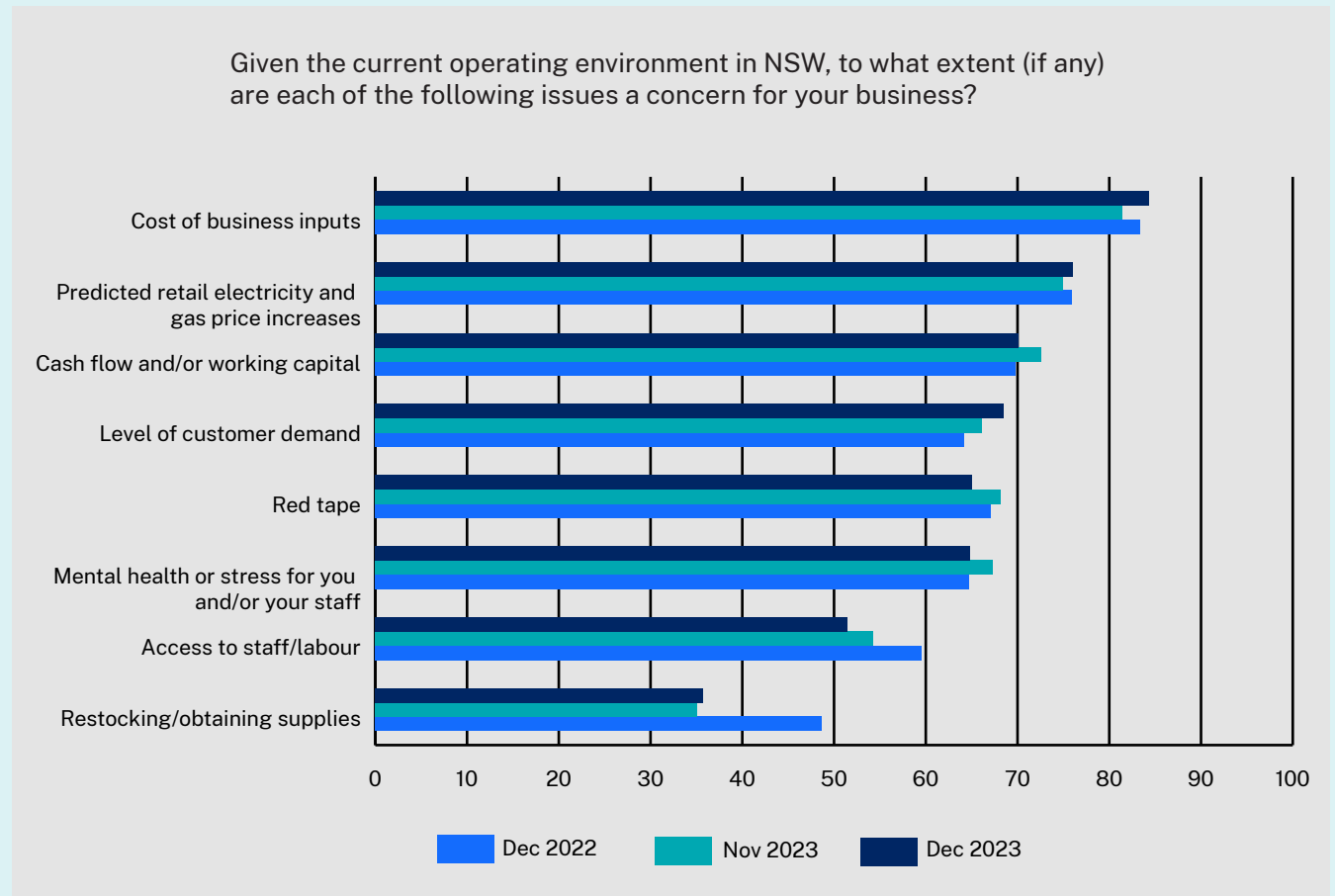


# Business conditions



“It's becoming increasingly difficult to maintain sustainable profit margins while offering affordable products and services in regional areas”.

## Business concerns



# Year in review 2023



The past year has presented challenging trading conditions for small businesses, including high inflation, interest rate increases, uneven customer demand, extreme weather events and staff shortages. Despite these challenges, when asked to reflect on 2023, businesses indicated they were in a moderately better position when compared to 2022.

Forty-five percent of respondents indicated 2023 was the year their business returned to normal after COVID, up 2 percentage points from when respondents looked back at 2022 (43 percent). Similarly, the percentage of businesses indicating they were significantly impacted by natural disasters declined in 2023, falling by 20 percentage points to 23 per cent (down from 43 per cent in 2022).

Looking ahead to 2024, the outlook of businesses remains highly pessimistic. The majority (58 per cent) anticipate 2024 will be a difficult period for their business, while only a minority (5 per cent) anticipate more favourable trading conditions.

## Christmas and holiday period

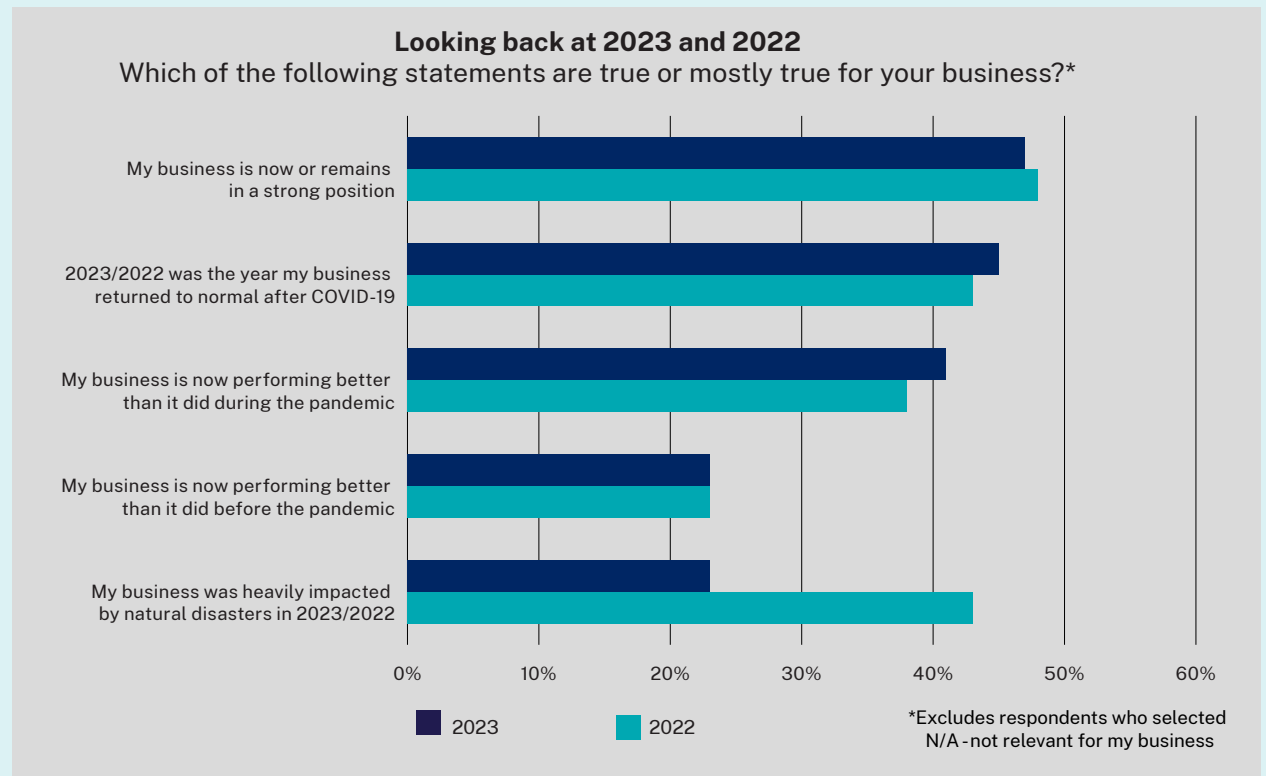
Compared to December 2022 and January 2023, 48 per cent of businesses expected trading conditions to be worse this Christmas and holiday period, while only 8 per cent expected conditions to be better.

## Looking back at 2023

Looking back at 2023, 41 per cent of businesses indicated the statement: 'my business is now performing better than it did during the pandemic' is true or mostly true for their business, up 3 percentage points from when businesses looked back at 2022 (38 per cent).

## Looking forward to 2024

Businesses are increasingly pessimistic in their outlook, with approximately three in five (58 per cent) anticipating 2024 will be a difficult period, up from one in two (53 per cent) when businesses considered their outlook for 2023 the previous year.



# Detailed results



## Confidence

	Confidence – in own business prospects <sup>#</sup>		Confidence – in local economy <sup>#</sup>	
	December 2023	November 2023	December 2023	November 2023
Extremely confident	↓ 6.4%	7.1%	↑ 1.7%	1.3%
Fairly confident	↑ 26.3%	22.6%	↑ 18.3%	12.9%
About the same	↓ 24.5%	26.2%	↑ 32.4%	32.2%
Fairly worried	↓ 32.3%	33.6%	↓ 38.5%	42.5%
Extremely worried	↑ 10.6%	10.4%	↓ 9.0%	11.1%
<b>Extremely or fairly confident</b>	<b>↑ 32.6%</b>	<b>29.7%</b>	<b>↑ 20.0%</b>	<b>14.3%</b>

Business size	n	% sample	Confidence*	Previous month
Non employing	225	38.3%	30.2%	↓
1 – 4 employees	209	35.6%	36.1%	↑
5 – 19 employees	122	20.8%	32.3%	↑
20 – 199 employees	31	5.3%	29.7%	↓
<b>Total</b>	<b>587</b>	<b>100.0%</b>	<b>32.6%</b>	<b>↑</b>

Location	n	% sample	Confidence*	Previous month
Greater Sydney	308	53.3%	35.9%	↑
Regional and Rural NSW	270	46.7%	28.4%	↑
<b>Total</b>	<b>578</b>	<b>100.0%</b>	<b>32.6%</b>	<b>↑</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*	Previous month
Agriculture, Forestry and Fishing	42	7.2%	2.9%	↓
Mining	3	0.5%	33.3%	↓
Manufacturing	24	4.1%	26.1%	↓
Electricity, Gas, Water and Waste Services	13	2.2%	41.7%	↓
Construction	70	11.9%	26.9%	↓
Wholesale Trade	17	2.9%	25.0%	↓
Retail Trade	60	10.2%	27.1%	↑
Accommodation and Food Services	23	3.9%	20.0%	↓
Transport, Postal and Warehousing	31	5.3%	20.0%	↓
Information Media and Telecommunications	16	2.7%	40.0%	↑
Financial and Insurance Services	29	4.9%	48.3%	↑
Rental, Hiring and Real Estate Services	22	3.7%	45.5%	↑
Professional, Scientific and Technical Services	57	9.7%	50.9%	↑
Administrative and Support Services	14	2.4%	23.1%	↓
Public Administration and Safety	0	0.0%	N/A	N/A
Education and Training	16	2.7%	40.0%	↑
Health Care and Social Assistances	41	7.0%	35.0%	↓
Arts and Recreation Services	14	2.4%	46.2%	↑
Other Services	95	16.2%	29.1%	↓
<b>Total</b>	<b>587</b>	<b>100.0%</b>	<b>32.6%</b>	<b>↑</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>	
	December 2023	November 2023	December 2023	November 2023	December 2023	November 2023	December 2023	November 2023
Increase	↓ 13.9%	15.7%	↓ 14.5%	15.1%	↑ 8.4%	8.0%	↑ 9.7%	9.5%
No change	↑ 38.6%	37.3%	↓ 39.6%	40.0%	↓ 31.4%	32.3%	↓ 35.8%	38.5%
Decrease	↑ 45.6%	45.2%	↑ 40.2%	39.5%	↑ 58.0%	57.4%	↑ 48.4%	47.0%
Unsure	↑ 1.9%	1.7%	↑ 5.8%	5.3%	↓ 2.2%	2.3%	↑ 6.1%	5.0%

<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>	December 2023	November 2023
	Yes	↓ 32.4%
No	↑ 50.7%	47.5%
Unsure	↑ 16.9%	15.4%

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

Nature of plans (of those who indicated 'yes') <sup>~</sup>	December 2023	November 2023
	We have plans to hire additional staff	↑ 43.9%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 18.5%	33.9%
We have plans to establish or expand our online business	↑ 31.0%	28.5%
We have plans to improve the range and/or quality of our products and services	↓ 50.3%	57.3%
Other	↑ 21.3%	17.8%

<sup>~</sup>Respondents able to select multiple options; weighted according to industry share of the small business population; n=177.



# Detailed results



## Momentum Index

	Momentum Index	Previous month
May 2023	87.3	N/A
June 2023	82.5	↓
July 2023	84.2	↑
August 2023	88.7	↑
September 2023	99.4	↑
October 2023	103.8	↑
November 2023	95.1	↓
December 2023	91.6	↓

## 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 1 December to 28 December 2023 with 587 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.