



Small Business Momentum Survey



Small
Business
Commissioner

March 2024

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 2024.









Small business confidence declined between February and March, decreasing by 2 percentage points to 28 per cent.

Businesses continue to report challenging trading conditions. Escalating input costs (fuel, freight, insurances, materials, rents, utilities and wages), staff shortages, interest rates, compliance burdens and weaker customer demand were cited as factors weighing on confidence.

Expectations about revenue and profitability moderated between February and March. Twelve per cent of businesses expect their profitability to improve over the next three months, down 2 percentage points from February.

The Momentum Index, which is a composite measure of underlying business trends, stabilised in March, at 106.8 points. This is the first time the index has remained in expansionary territory for three consecutive months and reflects stronger performance across the profitability and revenue components in recent months.

The online survey was completed between 1 March and 31 March with more than 1,200 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 remained unchanged at 106.8 points.	=
	Staff 49 per cent of businesses that have plans to expand are looking to hire additional staff.	↑
	Expansion 31 per cent of businesses indicated they have plans to grow, alter or expand operations.	↑
	Profitability 12 per cent expect profitability to increase, compared to 44 per cent expecting a decline.	↓
	Revenue 16 per cent expect revenue to increase, compared to 34 per cent expecting a decline.	↓
	Local economy 18 per cent of businesses indicated they were confident about their local economy.	↓



"The cumulative effects of the COVID-19 pandemic, weather and climate-related events, and rising interest rates have depleted our cash reserves. It's now a race against time to see if we can get over the line before we're forced to close".

*See page 8 for more information on the Momentum Index.

Business conditions



Business conditions weakened further in March, with profitability and revenue moderating for a second consecutive month and concerns about costs increasing.

The number of businesses looking at new ways of growing, altering or expanding their operations grew in March, increasing by 2 percentage points to 31 per cent. This is 4 percentage points below the series average of 35 per cent. Of respondents with plans to expand, the proportion of businesses planning to improve the range and/or quality of their products and services increased significantly, increasing by 7 percentage points to 57 per cent.

The percentage of businesses reporting an increase in revenue decreased marginally in March. Sixteen per cent of businesses expect revenue to increase over the next three months, down one percentage point from February.

Confidence

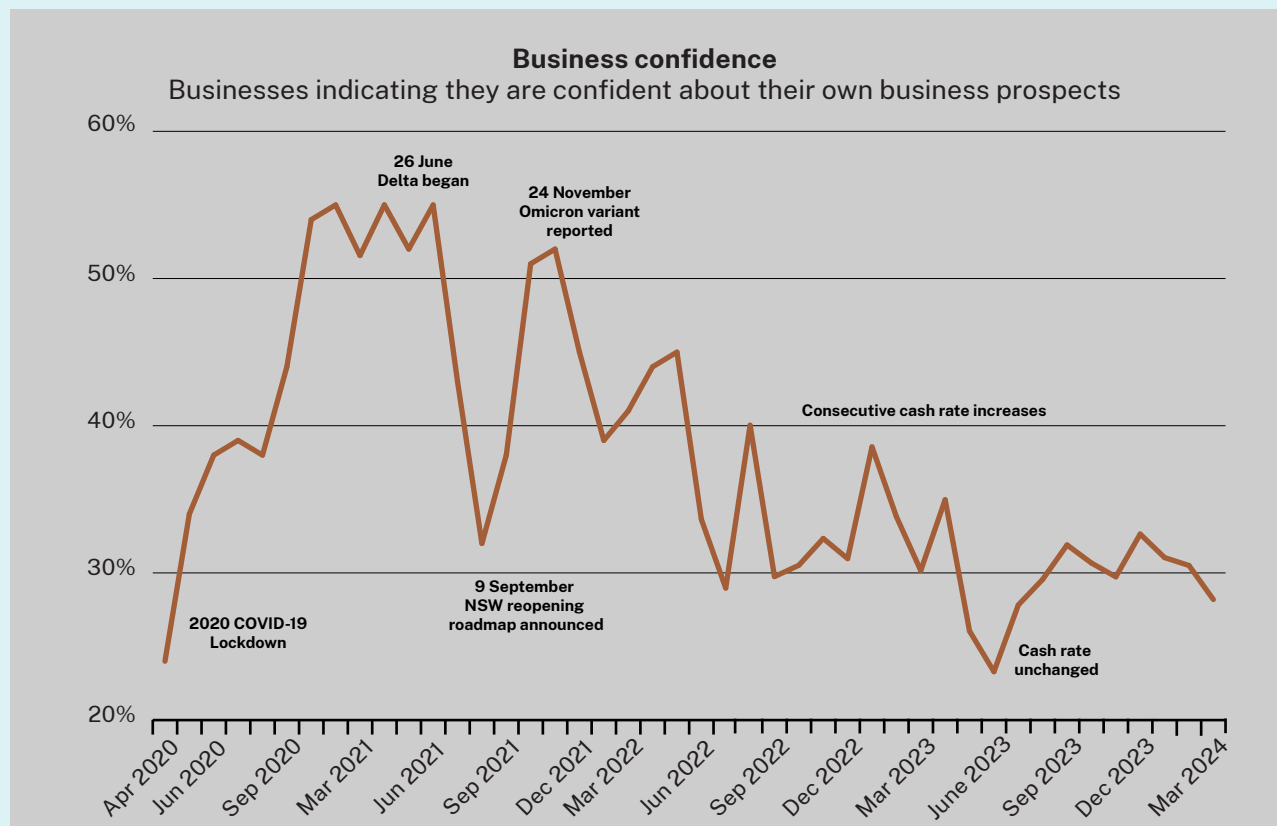
Small business confidence declined by 2 percentage points in March to 28 per cent. Businesses with 20-199 employees (45 per cent) were significantly more confident about their individual business prospects than businesses with 1-19 employees (26 per cent) and non-employed businesses (28 per cent).

Business performance

Business performance indicators moderated for a second consecutive month in March. The percentage of businesses indicating they expect revenue and profitability to decline remains significantly larger compared to those that expect an improvement.

The business environment

The cost of business inputs remains the top concern for small businesses, with 85 per cent expressing concern, 3 percentage points above the series average. The next highest concerns were predicted retail electricity and gas price changes, followed by red tape, with both issues concerning 73 per cent of businesses.

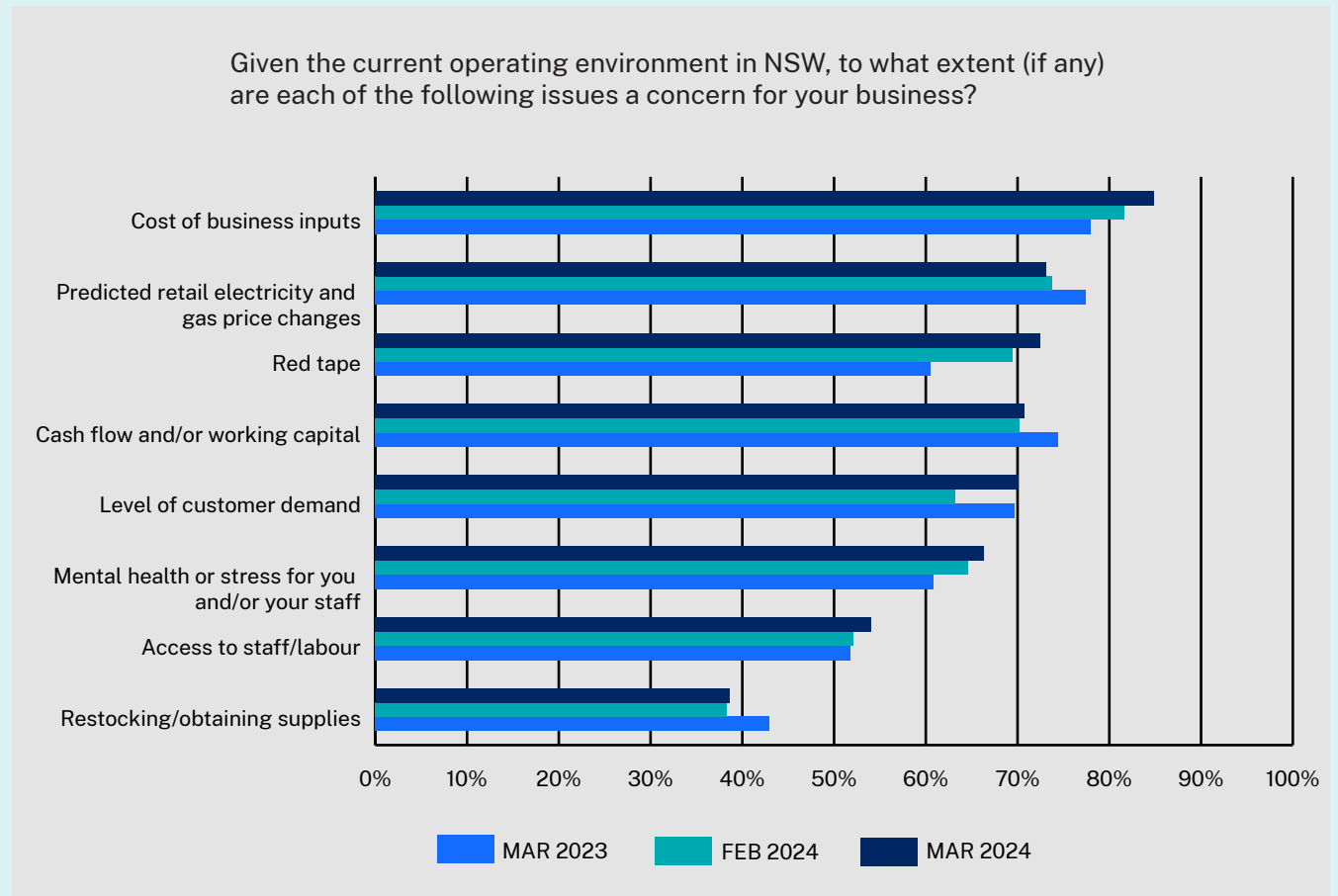


Business conditions



"Increased compliance and paper work is a major concern, I now spend nearly as much time on paper work as I do on tasks that generate income for the business."

Business concerns



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	March 2024	February 2024	March 2024	February 2024
Extremely confident	↓ 5.3%	5.6%	↑ 1.9%	1.3%
Fairly confident	↓ 22.9%	24.9%	↓ 15.9%	18.3%
About the same	↓ 25.5%	29.9%	↓ 30.4%	37.7%
Fairly worried	↑ 31.5%	29.0%	↑ 38.8%	33.4%
Extremely worried	↑ 14.8%	10.6%	↑ 13.0%	9.2%
Extremely or fairly confident	↓ 28.2%	30.5%	↓ 17.8%	19.6%

Business size	n	% sample	Confidence*	Previous month
Non employing	452	36.5%	28.0%	↓
1 – 4 employees	387	31.2%	25.7%	↓
5 – 19 employees	299	24.1%	26.6%	↓
20 – 199 employees	102	8.2%	45.2%	↑
Total	1,240	100.0%	28.2%	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	627	51.3%	29.6%	↑
Regional and Rural NSW	595	48.7%	26.7%	↓
Total	1,222	100.0%	28.2%	↓

[#]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	70	5.6%	15.9%	↓
Mining	7	0.6%	42.9%	↓
Manufacturing	86	6.9%	32.1%	↑
Electricity, Gas, Water and Waste Services	22	1.8%	31.8%	↑
Construction	170	13.7%	21.3%	↓
Wholesale Trade	32	2.6%	33.3%	↑
Retail Trade	123	9.9%	18.2%	↑
Accommodation and Food Services	83	6.7%	21.5%	↓
Transport, Postal and Warehousing	53	4.3%	32.7%	↑
Information Media and Telecommunications	35	2.8%	43.8%	↑
Financial and Insurance Services	58	4.7%	41.8%	↓
Rental, Hiring and Real Estate Services	49	4.0%	25.5%	↑
Professional, Scientific and Technical Services	131	10.6%	33.3%	↓
Administrative and Support Services	13	1.0%	15.4%	↓
Public Administration and Safety	1	0.1%	100.0%	N/A
Education and Training	43	3.5%	56.4%	↑
Health Care and Social Assistances	60	4.8%	43.1%	↑
Arts and Recreation Services	28	2.3%	18.5%	↓
Other Services	176	14.2%	26.2%	↓
Total	1,240	100.0%	28.2%	↓

*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 [#]	
	March 2024	February 2024	March 2024	February 2024	March 2024	February 2024	March 2024	February 2024
Increase	↓ 13.1%	14.4%	↓ 16.1%	17.4%	↓ 8.4%	10.5%	↓ 11.8%	13.5%
No change	↓ 38.4%	38.8%	↓ 42.8%	46.0%	↓ 31.2%	31.4%	↓ 37.5%	42.5%
Decrease	↑ 46.9%	44.7%	↑ 34.4%	30.0%	↑ 58.4%	55.3%	↑ 43.6%	37.7%
Unsure	↓ 1.6%	2.1%	↑ 6.7%	6.5%	↓ 1.9%	2.8%	↑ 7.1%	6.3%

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

Business expansion

	Plans to grow, alter, or expand business operations? [#]	
	March 2024	February 2024
Yes	↑ 31.5%	29.9%
No	↑ 54.0%	52.5%
Unsure	↓ 14.5%	17.6%

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

	Nature of plans (of those who indicated 'yes') [~]	
	March 2024	February 2024
We have plans to hire additional staff	↑ 49.3%	47.8%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 31.0%	36.5%
We have plans to establish or expand our online business	↓ 29.1%	30.1%
We have plans to improve the range and/or quality of our products and services	↑ 56.6%	49.2%
Other	↑ 21.2%	20.5%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=373.

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	↓
January 2024	103.4	↑
February 2024	106.8	↑
March 2024	106.8	=

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



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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Methodology

Fieldwork conducted between 1 March to 31 March with 1,240 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.