



Small Business Momentum Survey



Small
Business
Commissioner

July 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 July 2024.









Small business confidence improved for a third consecutive month, increasing by 2 percentage points between June and July, reaching 28 per cent. Despite the improvement, confidence levels remain subdued amid challenging trading conditions.

Increases in input costs (including fuel, government fees and charges, insurance, materials, 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 improved for the first time since January 2024. Twelve per cent of businesses expect their profitability to increase over the next three months, up 3 percentage points from June.

The Momentum Index, a composite measure of underlying trends, decreased marginally between June and July, dropping by 0.4 points to 92.8. The index has remained in contractionary territory (below 100) for four consecutive months, with weakness across all components of the index during this period.

The online survey was completed between 1-31 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 87 per cent of businesses indicated they were concerned about the cost of business inputs.	↑
 Momentum* The Momentum Index decreased by 0.4 points to 92.8 points.	↓
 Staff 40 per cent of businesses that have plans to expand are looking to hire additional staff.	↓
 Expansion 30 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 17 per cent expect revenue to increase, compared to 36 per cent expecting a decline.	↑
 Local economy 19 per cent of businesses indicated they were confident about their local economy.	↑



"Our input costs, including rent, wages, cost of goods, utilities and taxes are continually rising, leaving our small business with no profit".

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

Business conditions



Despite concerns about rising business costs, business conditions improved in July with expectations about revenue and profitability increasing for the first time in six months.

The number of businesses exploring new ways to grow, alter or expand their operations remain unchanged in July at 30 per cent. Among respondents planning to expand, the proportion of businesses with plans to hire additional staff or purchase/rent additional property, plant and/or equipment decreased by 3 per cent and 5 per cent respectively, falling to 40 per cent and 32 per cent.

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

Confidence

Small business confidence increased by 2 percentage points in July to 28 per cent. Business confidence is now 5 percentage points higher than the low of 23 per cent recorded in April 2024. Businesses in Greater Sydney (31 per cent) were significantly more confident than their regional counterparts (23 per cent).

Business performance

Business performance indicators improved in July. Despite the improvement, 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 87 per cent expressing concern, 4 percentage points above the series average. The next highest concerns were predicted retail electricity and gas price changes, followed by cashflow and the availability of working capital, with 74 per cent and 72 per cent expressing concern respectively.

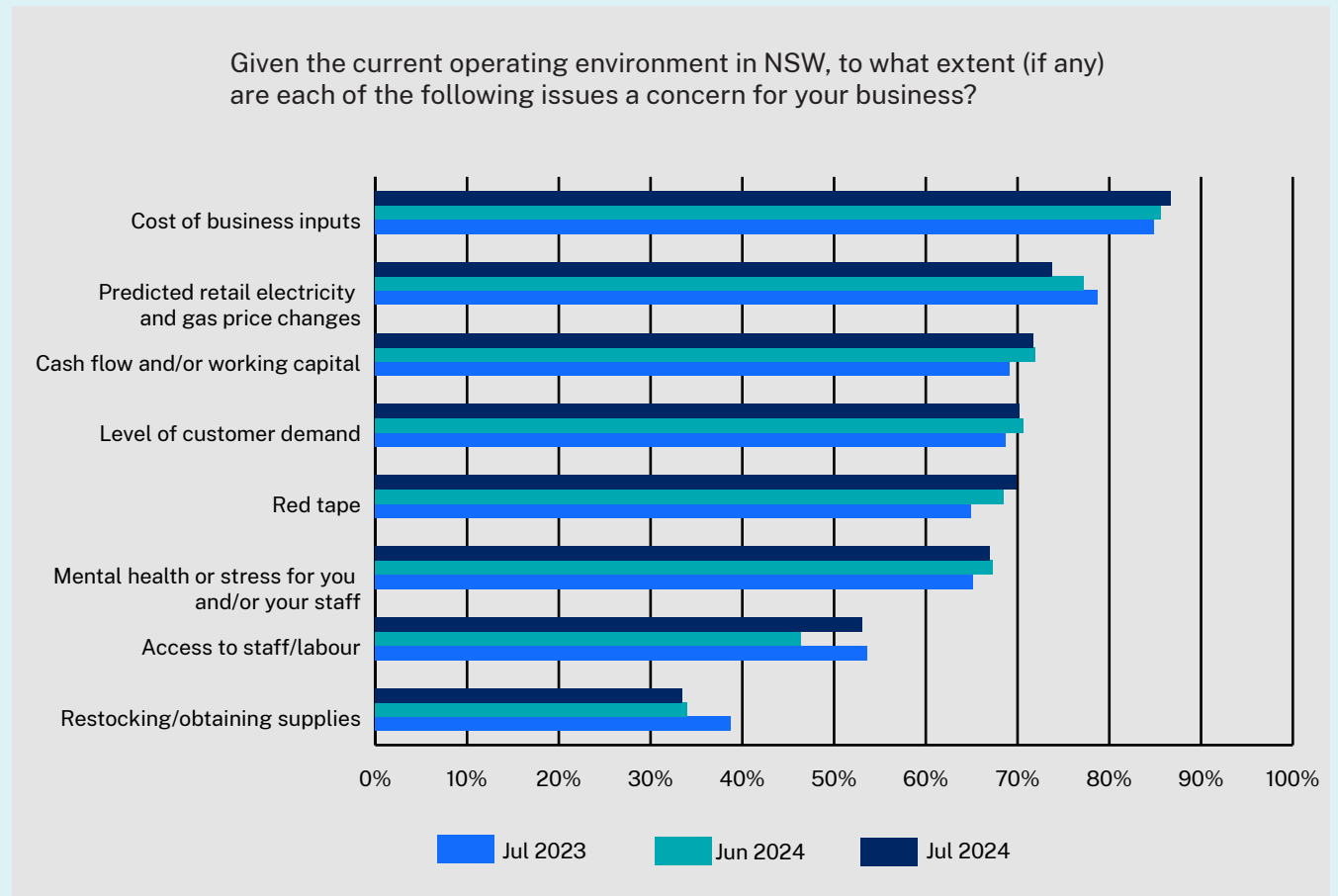


Business conditions



"Finding staff is our biggest problem due to a lack of available and motivated candidates. Prospective employees often expect significant wages, despite lacking previous skills or accreditation".

Business concerns



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	July 2024	June 2024	July 2024	June 2024
Extremely confident	↑ 7.1%	4.8%	↑ 2.9%	2.0%
Fairly confident	↓ 21.1%	21.1%	↑ 15.9%	13.4%
About the same	↓ 22.6%	24.0%	↑ 26.9%	26.6%
Fairly worried	↓ 30.1%	35.0%	↓ 37.4%	42.0%
Extremely worried	↑ 19.2%	15.1%	↑ 17.0%	16.0%
Extremely or fairly confident	↑ 28.2%	25.9%	↑ 18.7%	15.4%

Business size	n	% sample	Confidence*	Previous month
Non employing	221	33.1%	30.5%	↑
1 – 4 employees	244	36.6%	25.3%	↓
5 – 19 employees	149	22.3%	27.3%	↑
20 – 199 employees	53	7.9%	32.8%	↓
Total	667	100.0%	28.2%	↑

Location	n	% sample	Confidence*	Previous month
Greater Sydney	356	54.2%	31.1%	↑
Regional and Rural NSW	301	45.8%	23.3%	↓
Total	657	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	43	6.4%	9.8%	↓
Mining	2	0.3%	100.0%	↑
Manufacturing	50	7.5%	20.8%	↑
Electricity, Gas, Water and Waste Services	13	1.9%	46.2%	↑
Construction	80	12.0%	26.0%	↑
Wholesale Trade	24	3.6%	26.1%	↓
Retail Trade	82	12.3%	20.8%	↑
Accommodation and Food Services	40	6.0%	7.9%	↓
Transport, Postal and Warehousing	25	3.7%	31.8%	↑
Information Media and Telecommunications	20	3.0%	15.0%	↓
Financial and Insurance Services	20	3.0%	44.4%	↑
Rental, Hiring and Real Estate Services	26	3.9%	46.2%	↑
Professional, Scientific and Technical Services	68	10.2%	21.2%	↓
Administrative and Support Services	10	1.5%	20.0%	↓
Public Administration and Safety	0	0.0%	N/A	N/A
Education and Training	15	2.2%	28.6%	↓
Health Care and Social Assistances	35	5.2%	45.5%	↑
Arts and Recreation Services	22	3.3%	25.0%	↓
Other Services	92	13.8%	28.7%	↑
Total	667	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 [#]	
	July 2024	June 2024	July 2024	June 2024	July 2024	June 2024	July 2024	June 2024
Increase	↑ 14.7%	13.1%	↑ 16.7%	13.3%	↓ 8.9%	10.2%	↑ 12.1%	9.4%
No change	↓ 35.1%	35.4%	↓ 39.9%	40.0%	↑ 29.0%	28.1%	↓ 36.1%	39.2%
Decrease	↓ 49.0%	51.0%	↓ 35.8%	38.4%	↑ 61.1%	59.8%	↑ 43.9%	43.8%
Unsure	↑ 1.2%	0.5%	↓ 7.6%	8.3%	↓ 0.9%	1.9%	↑ 7.9%	7.6%

[#]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 2024	June 2024
Yes	↓ 29.9%	30.4%
No	↑ 54.4%	54.1%
Unsure	↑ 15.7%	15.5%

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

Nature of plans (of those who indicated 'yes') [~]		
	July 2024	June 2024
We have plans to hire additional staff	↓ 40.4%	43.4%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 32.4%	37.0%
We have plans to establish or expand our online business	↑ 31.3%	29.9%
We have plans to improve the range and/or quality of our products and services	↑ 53.3%	47.2%
Other	↓ 16.3%	20.2%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=187.

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	=
April 2024	97.9	↓
May 2024	89.1	↓
June 2024	93.2	↑
July 2024	92.8	↓

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



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 June to 31 July with 667 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.