



Small Business Momentum Survey



Small
Business
Commissioner

August 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 August 2024.









Small business confidence fell significantly between July and August, decreasing by 5 percentage points to 24 per cent. This decline reverses the improvement in confidence levels observed over the past three months. The drop in confidence coincides with RBA messaging earlier in the month, signalling the economic outlook remains uncertain and interest rate cuts are unlikely in the near term.

Businesses continue to report challenging trading conditions. Rising input costs (including fuel, government fees and charges, insurance, utilities and wages), interest rates, weaker customer demand and staff shortages were cited as factors weighing on confidence.

Expectations about profitability and revenue decreased marginally between July and August. Eleven per cent of businesses expect their profitability to improve over the next three months, down one percentage point from July.

Despite weaker confidence levels, the Momentum Index (which measures underlying business trends), increased by 5.7 points to 98.4. The strengthening in the Momentum Index was partially due to business investment and staffing decisions, possibly in anticipation of increased activity towards the end of the year. However the business decision component of the index was offset by weakness in the recent business and expected business performance components and the index remains in contractionary territory.

The online survey was completed between 1-31 August with more than 677 small businesses across NSW responding.

| | Previous month |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
|  Confidence 24 per cent of businesses indicated they were confident about their individual business prospects. | ↓ |
|  Concerns 86 per cent of businesses indicated they were concerned about the cost of business inputs. | ↓ |
|  Momentum* The Momentum Index increased by 5.7 points to 98.4 points. | ↑ |
|  Staff 43 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 11 per cent expect profitability to increase, compared to 45 per cent expecting a decline. | ↓ |
|  Revenue 16 per cent expect revenue to increase, compared to 37 per cent expecting a decline. | ↓ |
|  Local economy 13 per cent of businesses indicated they were confident about their local economy. | ↓ |



"Work has been scarce over the last six months, causing our business to slow down significantly. We simply cannot afford to invest in advertising at this time".

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

Business conditions



Business conditions deteriorated in August with expectations about revenue and profitability declining and concerns about input costs remaining above the series average.

The number of businesses exploring new ways to grow, alter, or expand their operations stabilised in August, remaining unchanged at 30 per cent. Among respondents planning to expand, there was an increase in the proportion of businesses with plans to hire additional staff or purchase/rent additional property, plant, and/or equipment. Businesses intending to hire additional staff rose by 3 percentage points to 43 per cent, and those planning to acquire more property, plant, or equipment increased by 8 percentage points to 40 per cent.

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

Confidence

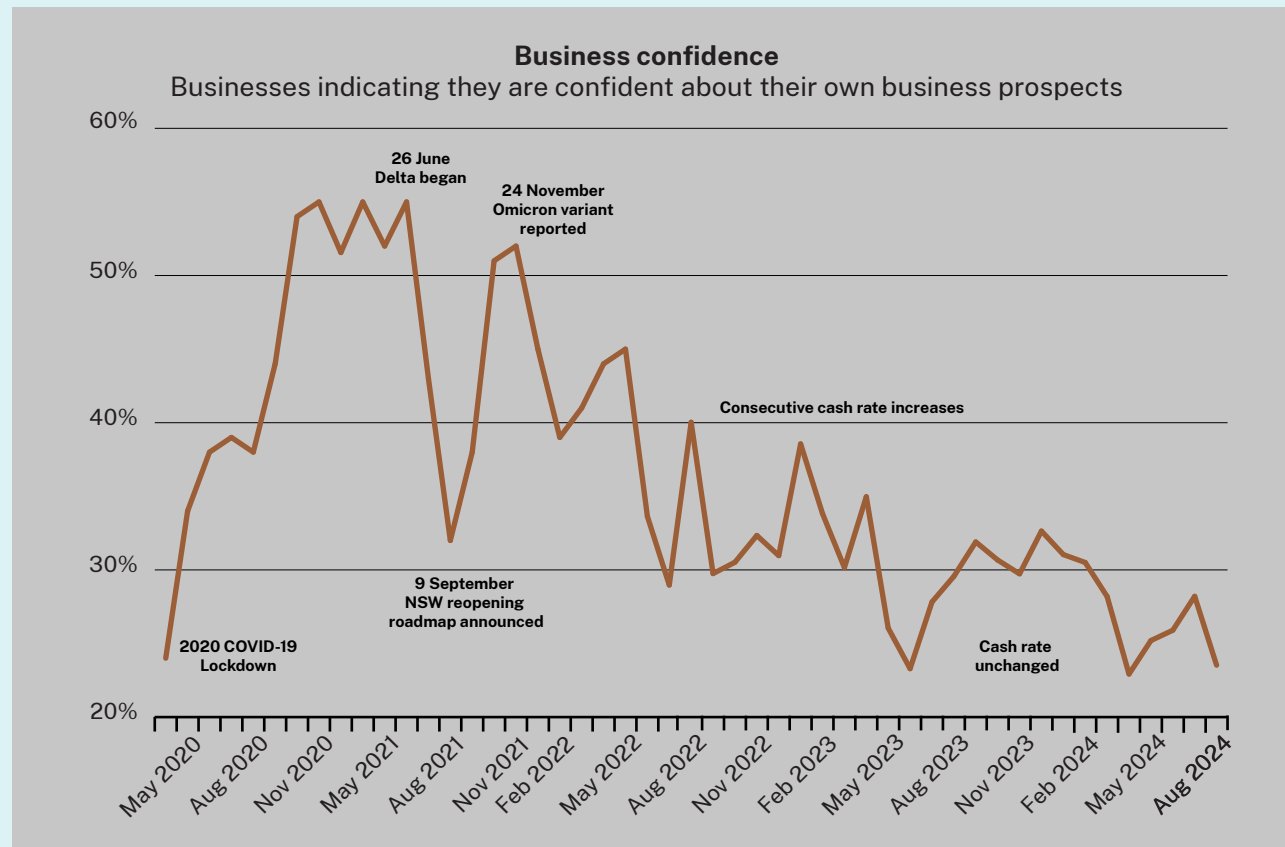
Small business confidence fell by 5 percentage points in August to 24 per cent. Business confidence is now only one percentage point higher than the record low observed in April 2024. Non-employing businesses (26 per cent) were more confident in their individual business prospects than employing businesses (22 per cent).

Business performance

Business performance indicators moderated in August. 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 86 per cent expressing concern, 3 percentage points above the series average. The next highest concerns were cashflow and availability of working capital, followed by red tape, with 76 per cent and 74 per cent expressing concern respectively.

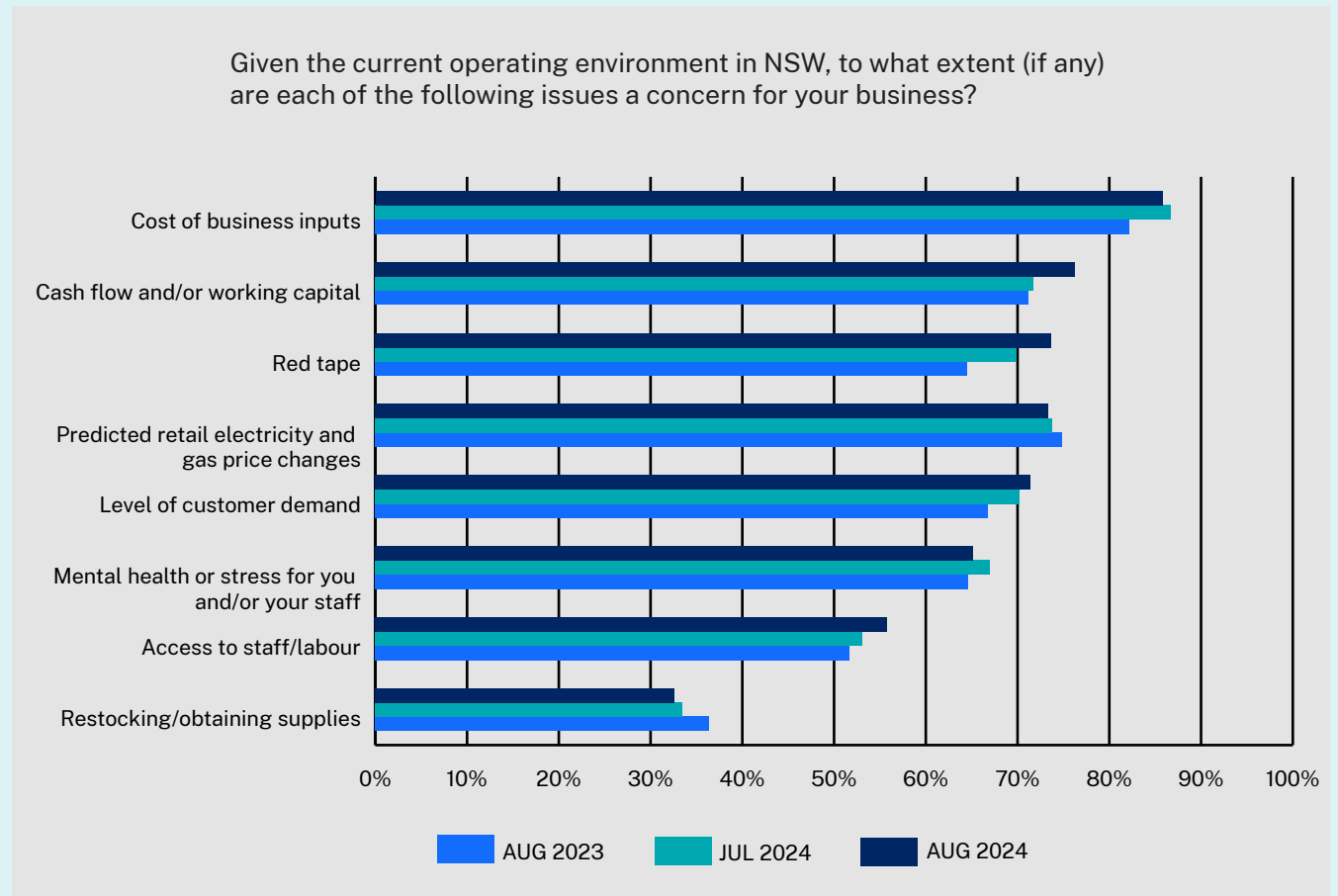


Business conditions



"Running a business and keeping skilled staffed can be really tough. We often find ourselves with staff who lack experience and we have to train them up. But as soon as they gain that experience, they move on to better-paying jobs".

Business concerns



Detailed results



Confidence

| | Confidence – in own business prospects [#] | | Confidence – in local economy [#] | |
|--------------------------------------|-----------------------------------------------------|--------------|--------------------------------------------|--------------|
| | August 2024 | July 2024 | August 2024 | July 2024 |
| Extremely confident | ↓ 4.6% | 7.1% | ↓ 1.0% | 2.9% |
| Fairly confident | ↓ 18.9% | 21.1% | ↓ 11.6% | 15.9% |
| About the same | ↑ 23.3% | 22.6% | ↑ 31.6% | 26.9% |
| Fairly worried | ↑ 36.3% | 30.1% | ↑ 40.2% | 37.4% |
| Extremely worried | ↓ 16.9% | 19.2% | ↓ 15.6% | 17.0% |
| Extremely or fairly confident | ↓ 23.5% | 28.2% | ↓ 12.6% | 18.7% |

| Business size | n | % sample | Confidence* | Previous month |
|--------------------|------------|---------------|--------------|----------------|
| Non employing | 241 | 35.6% | 25.9% | ↓ |
| 1 – 4 employees | 206 | 30.4% | 19.5% | ↓ |
| 5 – 19 employees | 168 | 24.8% | 24.4% | ↓ |
| 20 – 199 employees | 62 | 9.2% | 23.5% | ↓ |
| Total | 677 | 100.0% | 23.5% | ↓ |

| Location | n | % sample | Confidence* | Previous month |
|------------------------|------------|---------------|--------------|----------------|
| Greater Sydney | 365 | 54.6% | 23.0% | ↓ |
| Regional and Rural NSW | 303 | 45.4% | 24.7% | ↑ |
| Total | 668 | 100.0% | 23.5% | ↓ |

[#]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% | 28.6% | ↑ |
| Mining | 3 | 0.4% | 66.7% | ↓ |
| Manufacturing | 43 | 6.4% | 20.0% | ↓ |
| Electricity, Gas, Water and Waste Services | 7 | 1.0% | 57.1% | ↑ |
| Construction | 96 | 14.2% | 24.2% | ↓ |
| Wholesale Trade | 21 | 3.1% | 40.0% | ↑ |
| Retail Trade | 76 | 11.2% | 20.0% | ↓ |
| Accommodation and Food Services | 37 | 5.5% | 5.6% | ↓ |
| Transport, Postal and Warehousing | 21 | 3.1% | 9.5% | ↓ |
| Information Media and Telecommunications | 15 | 2.2% | 14.3% | ↓ |
| Financial and Insurance Services | 33 | 4.9% | 34.4% | ↓ |
| Rental, Hiring and Real Estate Services | 22 | 3.2% | 35.0% | ↓ |
| Professional, Scientific and Technical Services | 66 | 9.7% | 22.2% | ↑ |
| Administrative and Support Services | 8 | 1.2% | 0.0% | ↓ |
| Public Administration and Safety | 0 | 0.0% | N/A | N/A |
| Education and Training | 29 | 4.3% | 42.9% | ↑ |
| Health Care and Social Assistances | 48 | 7.1% | 25.5% | ↓ |
| Arts and Recreation Services | 21 | 3.1% | 23.8% | ↓ |
| Other Services | 95 | 14.0% | 19.6% | ↓ |
| Total | 677 | 100.0% | 23.5% | ↓ |

*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 [#] | |
|-----------|---------------------------------------------|-----------|-----------------------------------------------------------|-----------|---------------------------------------------------|-----------|-----------------------------------------------------------------|-----------|
| | August 2024 | July 2024 | August 2024 | July 2024 | August 2024 | July 2024 | August 2024 | July 2024 |
| Increase | ↓ 11.8% | 14.7% | ↓ 16.1% | 16.7% | ↓ 7.6% | 8.9% | ↓ 11.0% | 12.1% |
| No change | ↑ 38.0% | 35.1% | ↑ 41.7% | 39.9% | ↓ 28.6% | 29.0% | ↑ 38.7% | 36.1% |
| Decrease | ↓ 48.9% | 49.0% | ↑ 36.7% | 35.8% | ↑ 62.5% | 61.1% | ↑ 45.4% | 43.9% |
| Unsure | ↑ 1.3% | 1.2% | ↓ 5.5% | 7.6% | ↑ 1.3% | 0.9% | ↓ 4.9% | 7.9% |

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

Business expansion

| Plans to grow, alter, or expand business operations? [#] | | |
|-------------------------------------------------------------------|-------------|-----------|
| | August 2024 | July 2024 |
| Yes | ↑ 30.3% | 29.9% |
| No | ↑ 55.4% | 54.4% |
| Unsure | ↓ 14.3% | 15.7% |

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

| Nature of plans (of those who indicated 'yes') [~] | | |
|--------------------------------------------------------------------------------|-------------|-----------|
| | August 2024 | July 2024 |
| We have plans to hire additional staff | ↑ 43.3% | 40.4% |
| We have plans to purchase/rent additional property, plant and/or equipment | ↑ 40.0% | 32.4% |
| We have plans to establish or expand our online business | ↓ 26.5% | 31.3% |
| We have plans to improve the range and/or quality of our products and services | ↓ 51.2% | 53.3% |
| Other | ↓ 14.6% | 16.3% |

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=193.

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 | ↓ |
| August 2024 | 98.4 | ↑ |

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



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1300 795 534



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Methodology

Fieldwork conducted between 1 August to 31 August 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.

