



Small Business Momentum Survey



Small
Business
Commissioner

October 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 October 2024.

Small business confidence improved for a second consecutive month, increasing by 5 percentage points between September and October to 30 per cent. This marks the highest confidence level observed since February 2024. Despite this improvement, confidence levels remain subdued amid challenging trading conditions and are still significantly below the peak levels observed in 2021.

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

The Momentum Index, which measures underlying business trends, improved for the third consecutive month, increasing by one point to 100.8 and entering expansionary territory for the first time since March 2024. This strengthening was partially driven by improved recent revenue performance in October, alongside steady business investment and staffing decisions.

The online survey was completed between 1-31 October with more than 600 small businesses across NSW responding.

	Previous month
 Confidence 30 per cent of businesses indicated they were confident about their individual business prospects.	↑
 Concerns 82 per cent of businesses indicated they were concerned about the cost of business inputs.	↓
 Momentum* The Momentum Index increased by one point to 100.8 points.	↑
 Staff 45 per cent of businesses that have plans to expand are looking to hire additional staff.	↑
 Expansion 34 per cent of businesses indicated they have plans to grow, alter or expand operations.	↑
 Profitability 11 per cent expect profitability to increase, compared to 39 per cent expecting a decline.	↓
 Revenue 16 per cent expect revenue to increase, compared to 34 per cent expecting a decline.	↓
 Local economy 17 per cent of businesses indicated they were confident about their local economy.	↑



"Judging by how hard business has been this year, I'm extremely concerned. The rising cost of living, along with increases in other expenses, has significantly reduced any extra money people have for projects".

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

Business conditions



Business conditions deteriorated slightly in October, even as concerns about cost pressures eased and recent revenue performance improved. Businesses reported declines in their expectations of revenue and profitability, reversing the improvements observed in September.

The number of businesses exploring new ways to grow, alter or expand their operations increased by 4 percentage points to 34 per cent, aligning with the series average. Among those respondents with plans to expand, the proportion with plans to improve the range and/or quality of products and services held steady, rising by one percentage point to 58 per cent, 5 percentage points above the series average.

The percentage of businesses expecting an increase in revenue declined in October. Sixteen per cent of business expect their revenue to increase over the next three months, down 3 percentage points from September.

Confidence

Small business confidence increased by 5 percentage points in October to 30 per cent. Rising input costs, staff shortages, interest rates, compliance burdens and weaker customer demand were cited as factors weighing on confidence.

Business performance

Business performance indicators moderated in October. The percentage of businesses indicating they expected revenue and profitability to decline remains significantly larger compared to those expecting an improvement.

The business environment

The cost of business inputs remains the top concern for small businesses, with 82 per cent expressing concern, one percentage point below the series average. The next highest concerns were the level of customer demand, followed by cashflow and the availability of working capital, with 72 per cent and 71 per cent expressing concern respectively.

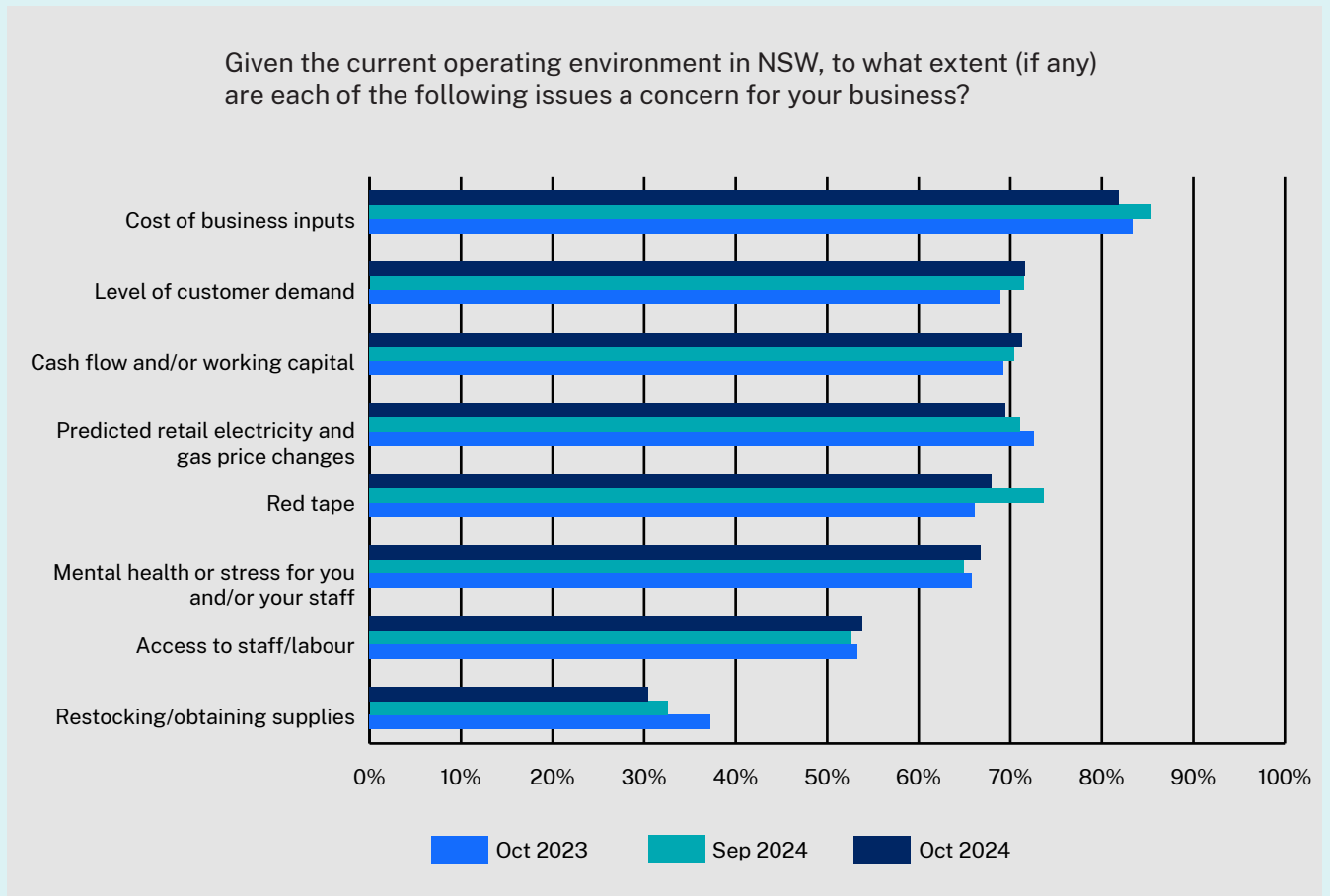


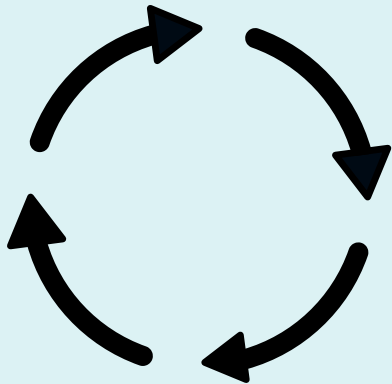
Business conditions



"I feel very disillusioned. The excessive rules and restrictions on small businesses make it extremely difficult to operate and achieve any profit".

Business concerns





" All levels of government assume small businesses have an endless supply of resources to test new concepts, yet they provide little support for small business operators".

Circular Economy Activities

One in three businesses (34 per cent) in NSW indicated they have adopted circular economy activities, while 6 per cent are in the process of doing so. The remainder, three in five (60 per cent) businesses, have not adopted circular economy activities.

Of those businesses that have adopted circular economy activities:

- Two in three (66 per cent) are reducing waste by using materials multiple times.
- One in two (47 per cent) are extending useful product life.
- Two in five (38 per cent) are reducing demand for materials.
- Three in ten (29 per cent) are using non-toxic materials and regenerating ecosystems.

Businesses report adopting circular economy activities to:

- **Improve cost effectiveness:** This includes reusing packaging materials, reducing landfill contributions and utilising renewable energy to decrease operational expenses.
- **Respond to consumer demand:** Businesses report customers are increasingly seeking eco-friendly products and services and that circular economy practices enhance customer loyalty and encourage repeat business.
- **Meet compliance obligations:** Some businesses adopt circular economy activities to meet legal requirements or engage with legislation and regulations that encourage sustainable practices.
- **Adhere to ethical or environmental commitments:** Many businesses feel it is the right thing to do for the environment and future generations. They see circular economy activities as a way to reduce waste, lower their environmental impact and contribute to global sustainability efforts.

Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	October 2024	September 2024	October 2024	September 2024
Extremely confident	↓ 3.1%	5.0%	↓ 1.2%	1.4%
Fairly confident	↑ 26.4%	19.9%	↑ 15.4%	13.3%
About the same	↓ 26.2%	30.7%	↑ 36.2%	31.7%
Fairly worried	↑ 29.8%	27.2%	↓ 32.7%	36.8%
Extremely worried	↓ 14.5%	17.2%	↓ 14.5%	16.8%
Extremely or fairly confident	↑ 29.5%	24.9%	↑ 16.6%	14.7%

Business size	n	% sample	Confidence*	Previous month
Non employing	246	39.6%	28.4%	↑
1 – 4 employees	189	30.4%	33.3%	↑
5 – 19 employees	152	24.5%	25.6%	↓
20 – 199 employees	34	5.5%	35.1%	↑
Total	621	100.0%	29.5%	↑

Location	n	% sample	Confidence*	Previous month
Greater Sydney	333	54.2%	31.9%	↑
Regional and Rural NSW	281	45.8%	27.0%	↑

[#]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	33	5.3%	25.8%	↑
Mining	0	0.0%	0.0%	N/A
Manufacturing	33	5.3%	27.3%	↓
Electricity, Gas, Water and Waste Services	8	1.3%	37.5%	↓
Construction	89	14.3%	25.0%	↑
Wholesale Trade	16	2.6%	33.3%	↑
Retail Trade	58	9.3%	13.0%	↓
Accommodation and Food Services	30	4.8%	23.3%	↑
Transport, Postal and Warehousing	21	3.4%	23.8%	↑
Information Media and Telecommunications	29	4.7%	40.7%	↑
Financial and Insurance Services	27	4.3%	48.1%	↑
Rental, Hiring and Real Estate Services	22	3.5%	27.3%	↓
Professional, Scientific and Technical Services	62	10.0%	32.2%	↓
Administrative and Support Services	9	1.4%	66.7%	↑
Public Administration and Safety	0	0.0%	N/A	N/A
Education and Training	20	3.2%	15.8%	↓
Health Care and Social Assistances	30	4.8%	31.0%	↑
Arts and Recreation Services	32	5.2%	22.6%	↓
Other Services	102	16.4%	24.7%	↓
Total	621	100.0%	29.5%	↑

*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 [#]	
	October 2024	September 2024	October 2024	September 2024	October 2024	September 2024	October 2024	September 2024
Increase	↑ 17.4%	14.0%	↓ 16.0%	18.9%	↓ 8.9%	9.8%	↓ 10.6%	13.2%
No change	↑ 37.8%	34.1%	↑ 42.6%	38.3%	↑ 37.6%	29.1%	↑ 43.0%	37.1%
Decrease	↓ 43.1%	50.9%	↓ 33.8%	34.6%	↓ 51.5%	59.8%	↓ 39.0%	41.4%
Unsure	↑ 1.7%	1.0%	↓ 7.6%	8.2%	↑ 2.0%	1.3%	↓ 7.4%	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? [#]		
	October 2024	September 2024
Yes	↑ 33.8%	29.4%
No	↓ 53.7%	56.1%
Unsure	↓ 12.5%	14.5%

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

Nature of plans (of those who indicated 'yes') [~]		
	October 2024	September 2024
We have plans to hire additional staff	↑ 45.2%	44.7%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 31.5%	33.0%
We have plans to establish or expand our online business	↑ 25.8%	25.4%
We have plans to improve the range and/or quality of our products and services	↑ 58.3%	57.2%
Other	↓ 13.8%	24.6%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=199.

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	↑
September 2024	99.7	↑
October 2024	100.8	↑

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 October to 31 October with 621 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.

