



Small Business Momentum Survey



Small
Business
Commissioner

December 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 December 2024.

Small business confidence improved significantly between November and December, increasing by four percentage points to 28 per cent. This improvement reverses some of the decline observed in the previous month, but confidence levels remain weak.

Businesses continue to report challenging trading conditions. Rising input costs, staff shortages, elevated interest rates, compliance burdens, cash flow issues and weaker customer demand were cited as factors weighing on confidence.

Expectations about profitability and revenue moderated between November and December, despite the upcoming holiday period. Twelve per cent of businesses expect their profitability to improve over the next three months, a decrease of two percentage points from November.

The Momentum Index, which measures underlying business trends, declined significantly, decreasing by 13.1 points from a record high to 96.1 – the lowest Index score recorded since July 2024. This weakening was driven by particularly poor performance in the business investment and staffing decisions component of the Index.

The online survey was completed between 1-31 December 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 86 per cent of businesses indicated they were concerned about the cost of business inputs.	↑
	Momentum* The Momentum Index decreased by 13.1 points to 96.1 points.	↓
	Staff 37 per cent of businesses that have plans to expand are looking to hire additional staff.	↓
	Expansion 28 per cent of businesses indicated they have plans to grow, alter or expand operations.	↓
	Profitability 12 per cent expect profitability to increase, compared to 46 per cent expecting a decline.	↓
	Revenue 16 per cent expect revenue to increase, compared to 37 per cent expecting a decline.	↓
	Local economy 16 per cent of businesses indicated they were confident about their local economy.	↓



"All our costs have risen dramatically. Having been in business for decades, we have never found it so difficult".

*See pages 5 & 9 for more information on the Momentum Index.

Business conditions



Business conditions deteriorated in December, with expectations about revenue and profitability declining and concerns about inputs costs increasing. Additionally, when asked about their outlook for 2025, businesses were pessimistic, with the majority (66 per cent) anticipating a difficult period ahead. Only 4 per cent of respondents expect 2025 to be an easier year for their business, while the remaining 30 per cent were neutral.

The number of respondents exploring new ways to grow, alter, or expand their operations declined significantly in December, decreasing by 7 percentage points to 28 per cent. This figure is 6 percentage points below the series average and marks a record low. Among respondents planning to expand, there was a significant decrease in the proportion of businesses intending to hire additional staff or purchase/rent additional property, plant and equipment. Both declined by 13 percentage points and 12 percentage points to 37 per cent and 25 per cent, respectively.

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

Confidence

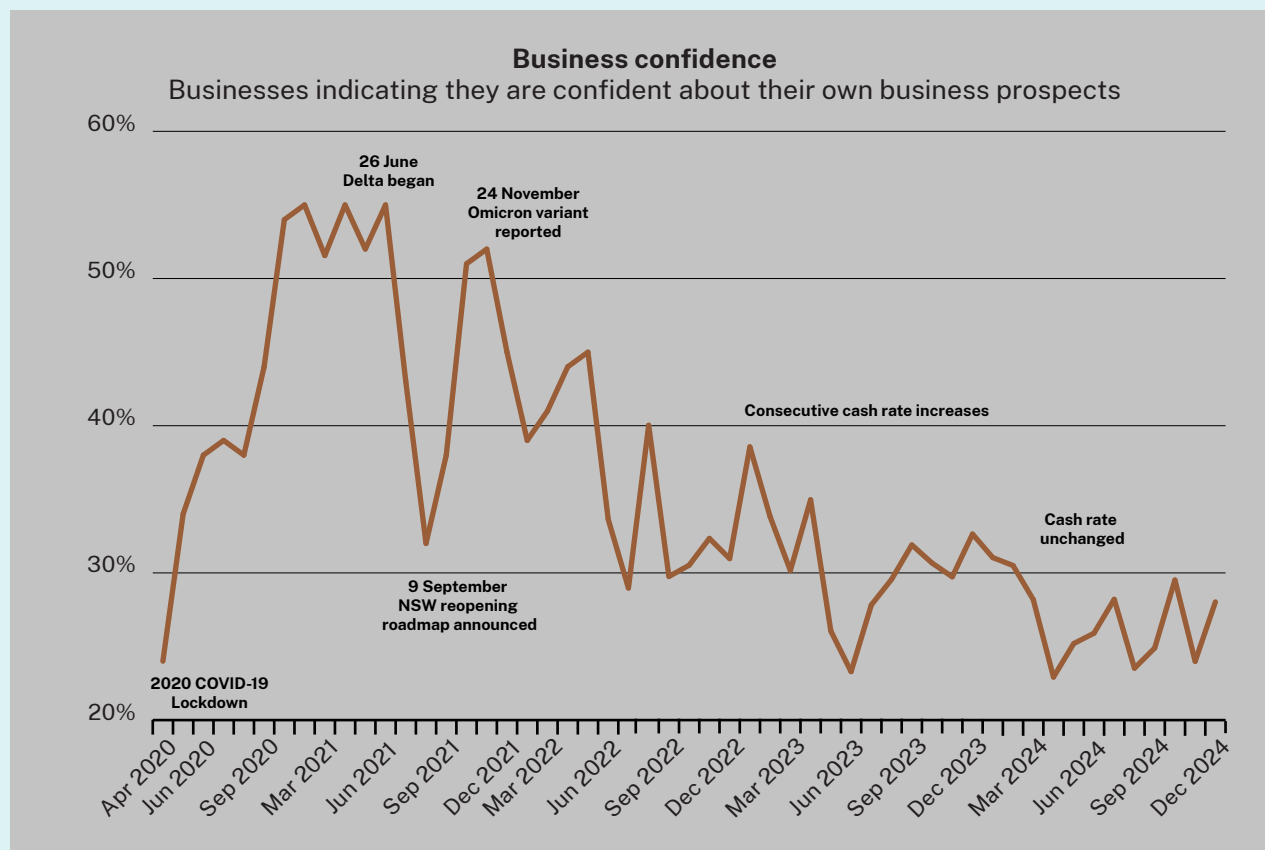
Small business confidence increased by 4 percentage points in December to 28 per cent. Businesses in Greater Sydney were significantly more confident about their individual prospects than their regional counterparts (30 per cent compared to 26 per cent).

Business performance

Business performance indicators moderated in December despite the upcoming holiday period. The percentage of businesses indicating they expect 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 86 per cent expressing concern, three percentage points above the series average. The next highest concerns were cash flow and the availability of working capital, followed by predicted retail electricity and gas price changes, with 74 per cent and 72 per cent expressing concern respectively.

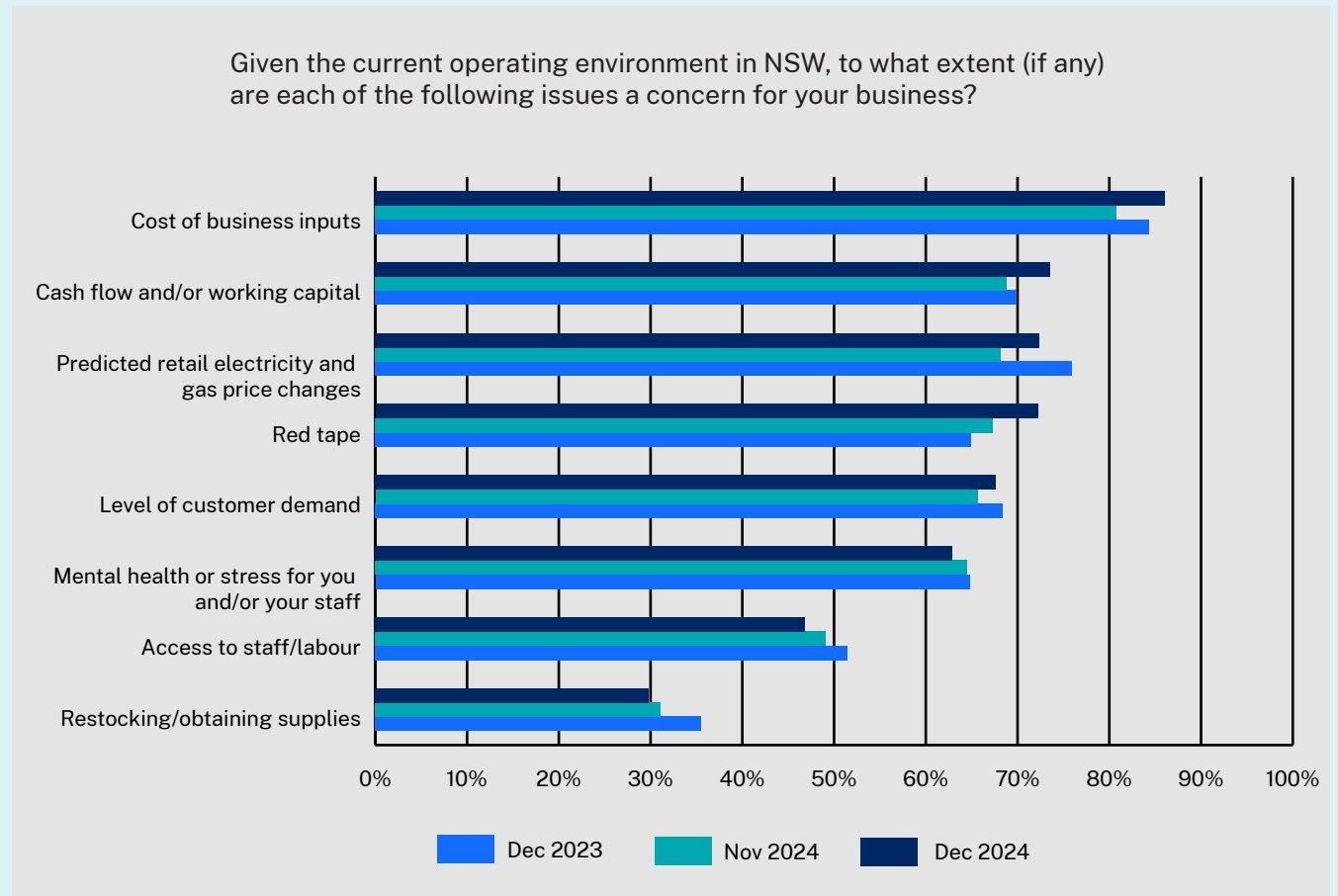


Business conditions



"If the next 12 months mirror the previous 12, the outlook is grim. We had to lay off our last remaining employee as we could not make ends meet. We are downsizing due to the rising costs of goods and living expenses".

Business concerns



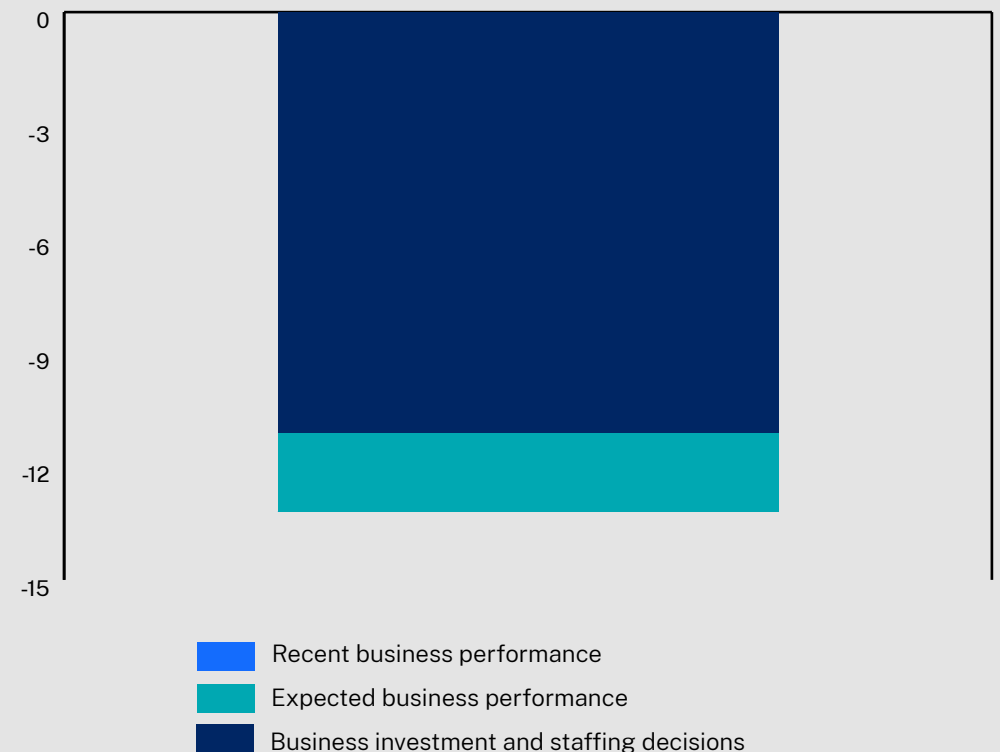
Momentum in focus

The Momentum Index is a composite measure that tracks key business performance metrics to identify critical turning points in underlying trends. This month, the Momentum Index decreased by 13.1 points, and has been more volatile in recent months. In this report, we examine the primary drivers behind the change in the Momentum Index to better understand the factors contributing to these changes and gain insights into current business conditions.

The deceleration in the Momentum Index was primarily driven by weak performance in the business investment and staffing decisions component, which may exhibit seasonal properties. Expected business performance also negatively contributed to the decline. The recent business performance component of the Index had a neutral impact.

- **Business investment and staffing decisions** (-11.1%) was the leading detractor from the Index, with the proportion of businesses intending to hire additional staff or purchase/rent additional property, plant and/or equipment significantly decreasing in December.
- **Expected business performance** (-2.1%) negatively impacted the Index, with decreases in both predicted revenue (-1.2%) and profitability (-1.0%).
- **Recent business performance** (0.0%) had a net neutral impact on the Index. An increase in revenue (+0.2%) was cancelled out by a decrease in profitability (-0.2%).

Contribution to change in Momentum Index: November to December



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	December 2024	November 2024	December 2024	November 2024
Extremely confident	↑ 6.1%	3.4%	↑ 2.6%	1.1%
Fairly confident	↑ 21.9%	20.6%	↓ 13.3%	17.0%
About the same	↓ 28.1%	30.8%	↓ 29.1%	32.6%
Fairly worried	↑ 30.9%	29.1%	↑ 42.2%	35.0%
Extremely worried	↓ 13.0%	16.1%	↓ 12.7%	14.3%
Extremely or fairly confident	↑ 28.0%	24.0%	↓ 16.0%	18.1%

Business size	n	% sample	Confidence*	Previous month
Non employing	259	38.8%	29.4%	↑
1 – 4 employees	225	33.7%	29.2%	↑
5 – 19 employees	147	22.0%	26.9%	↑
20 – 199 employees	37	5.5%	11.7%	↓
Total	668	100.0%	28.0%	↑

Location	n	% sample	Confidence*	Previous month
Greater Sydney	350	53.1%	30.0%	↑
Regional and Rural NSW	309	46.9%	26.5%	↑
Total	659	100.0%	28.0%	↑

[#]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	43	6.4%	12.2%	↓
Mining	4	0.6%	50.0%	↑
Manufacturing	26	3.9%	17.4%	↓
Electricity, Gas, Water and Waste Services	5	0.7%	0.0%	=
Construction	50	7.5%	34.1%	↑
Wholesale Trade	22	3.3%	13.6%	↓
Retail Trade	152	22.8%	19.3%	↓
Accommodation and Food Services	43	6.4%	23.8%	↓
Transport, Postal and Warehousing	13	1.9%	0.0%	=
Information Media and Telecommunications	17	2.5%	12.5%	↓
Financial and Insurance Services	21	3.1%	40.0%	↑
Rental, Hiring and Real Estate Services	19	2.8%	47.4%	↑
Professional, Scientific and Technical Services	67	10.0%	34.4%	↑
Administrative and Support Services	6	0.9%	33.3%	↑
Public Administration and Safety	1	0.1%	0.0%	N/A
Education and Training	22	3.3%	13.6%	↓
Health Care and Social Assistances	49	7.3%	26.1%	↑
Arts and Recreation Services	30	4.5%	28.6%	↑
Other Services	78	11.7%	32.4%	↑
Total	668	100.0%	28.0%	↑

*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 [#]	
	December 2024	November 2024	December 2024	November 2024	December 2024	November 2024	December 2024	November 2024
Increase	↓ 14.7%	18.4%	↓ 15.8%	17.1%	↑ 10.0%	9.9%	↓ 11.6%	13.4%
No change	↑ 41.6%	35.3%	↑ 41.0%	38.7%	↓ 32.1%	34.3%	↓ 35.7%	37.1%
Decrease	↓ 41.8%	45.5%	↓ 37.3%	38.0%	↑ 54.8%	54.2%	↑ 46.5%	43.8%
Unsure	↑ 1.9%	0.8%	↓ 6.0%	6.2%	↑ 3.1%	1.6%	↑ 6.3%	5.8%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	December 2024	November 2024
Yes	↓ 27.8%	34.3%
No	↑ 55.9%	51.9%
Unsure	↑ 16.3%	13.8%

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

Nature of plans (of those who indicated 'yes') [~]		
	December 2024	November 2024
We have plans to hire additional staff	↓ 37.3%	50.7%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 25.3%	37.6%
We have plans to establish or expand our online business	↑ 37.9%	24.5%
We have plans to improve the range and/or quality of our products and services	↓ 48.1%	51.9%
Other	↑ 29.5%	22.0%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=168.

Detailed results



Momentum Index

	Momentum Index	Previous month
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	↑
November 2024	109.3	↑
December 2024	96.1	↓

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 December to 31 December with 668 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.