



Small Business Momentum Survey



Small
Business
Commissioner

June 2023

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 June 2023.

Small business confidence moderated for a second consecutive month in June, decreasing by 3 percentage points to 23 per cent. Confidence levels are at a record low and lower than when NSW first entered lockdown in 2020.

Businesses continue to report challenging trading conditions. Increasing input costs (including energy, fuel, materials and wages), staff shortages, higher interest rates, weaker customer demand and economic uncertainty were cited as factors weighing on confidence in June.

Expectations about revenue and profitability moderated further in June, only 7 per cent of businesses expect profitability to increase over the next three months, a record low and down 2 percentage points from May. Concerns and impacts relating to inflation and consumer spending may have contributed to the pessimistic outlook reported by some businesses.

The online survey was completed between 1 and 30 June with more than 600 small businesses across NSW responding.

	Confidence	Previous month
	23 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.	↑
	Challenges 63 per cent of businesses anticipate 2023-24 will be a difficult trading period.	↑
	Staff 47 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 7 per cent expect profitability to increase, compared to 55 per cent expecting a decline.	↓
	Revenue 9 per cent expect revenue to increase, compared to 45 per cent expecting a decline.	↓
	Local economy 13 per cent of businesses indicated they were confident about their local economy.	↓



“Interest rates and the cost of living keep increasing. This is affecting our sales and we may need to lay off some of our staff”.

Business conditions



Business conditions deteriorated further in June, some moderation was expected following another interest rate rise and a twelfth rate hike since May 2022. Interest rates are at their highest level since April 2012. Combined with incoming cost pressures from increases to the National Minimum Wage, Award minimum wage and superannuation guarantee rate from 1 July 2023.

The number of businesses looking at new ways of doing business fell marginally in June, decreasing by a percentage point to 34 per cent, just below the series average of 36 per cent. Of those businesses with plans to expand, the percentage indicating 'other' rose significantly, increasing by 5 percentage points to 21 per cent, a record result.

The percentage of small businesses expecting an increase in revenue and profitability decreased again in June. One in ten (9 per cent) businesses expect revenue to increase over the next three months, down 4 percentage points from May.

Confidence

Small business confidence decreased by 3 percentage points in June to 23 per cent. There are more than double the percentage of businesses worried (50 per cent) about their individual business prospects than those that are confident.

Business performance

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

The business environment

The cost of business inputs is the top concern for small businesses for a fifteenth consecutive month, with 86 per cent (tied record high) expressing concern. The next highest concerns were predicted retail electricity and gas price increases, followed by cash flow and availability of working capital, with 82 per cent (a record result) and 74 per cent expressing concern respectively.

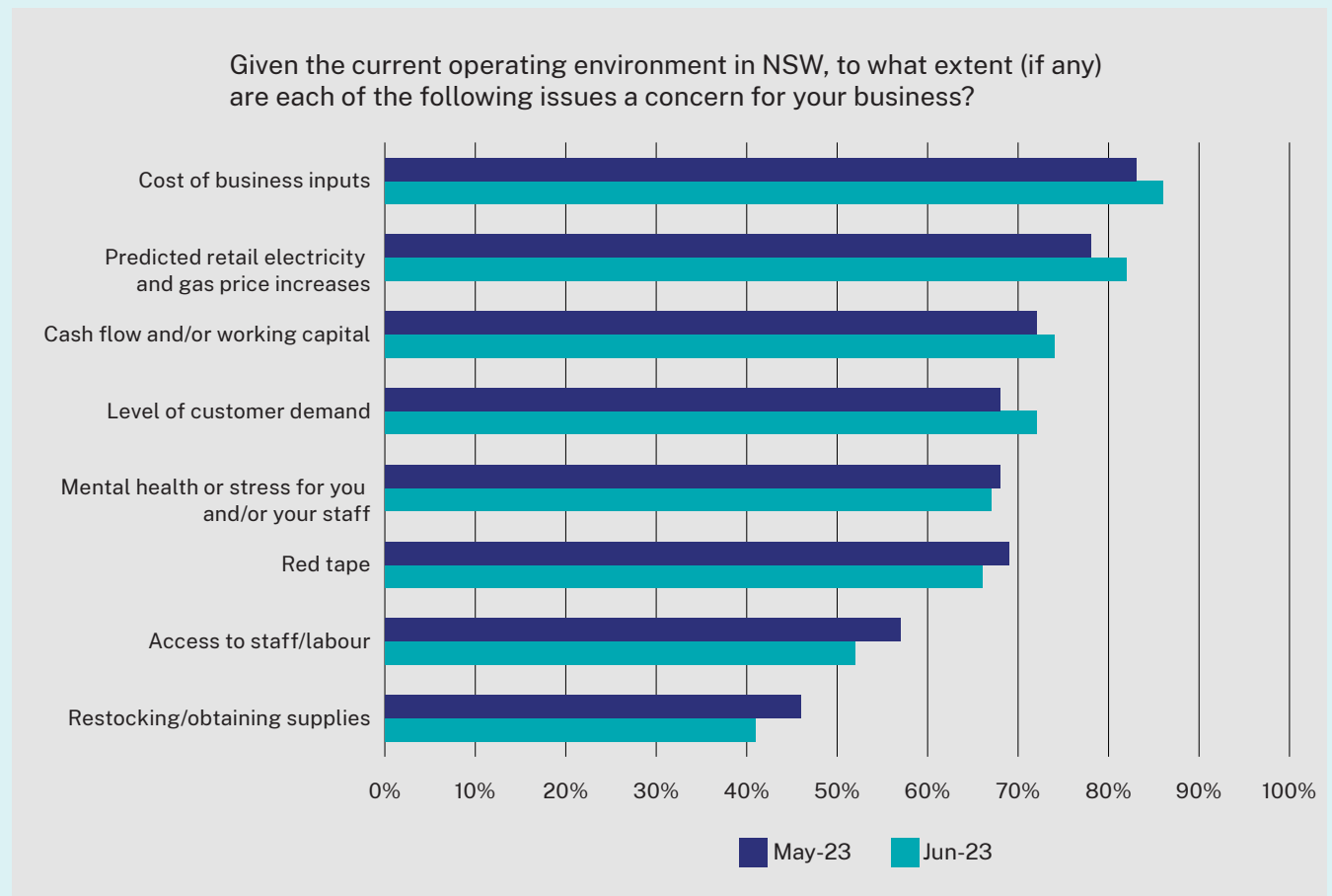


Business conditions



“There is a lot of uncertainty when it comes to consumer spending. This makes day to day business operations very unpredictable and hard to staff for.”

Business concerns



Year in review 2022-23



The past financial year has presented challenging trading conditions for small businesses. Including increasing business costs, interest rate increases, uneven customer demand, extreme weather events and staff shortages.

Impacts related to COVID-19 have eased, one in two (49 per cent) businesses indicated that 2022-23 was the year their business returned to normal after COVID-19, an improvement from two in five (43 per cent) when businesses looked back at the 2022 calendar year. Similarly, the percentage of businesses indicating they were heavily impacted by natural disasters also moderated in 2022-23, decreasing by 8 percentage points to 35 per cent (down from 43 per cent in 2022).

Looking ahead to 2023-24, the outlook of businesses is highly pessimistic. The majority (63 per cent) anticipate that the financial year will be a difficult period for their business, while only a minority (3 per cent) anticipate that 2023-24 will offer a more favourable trading environment.

Looking back at 2022-23

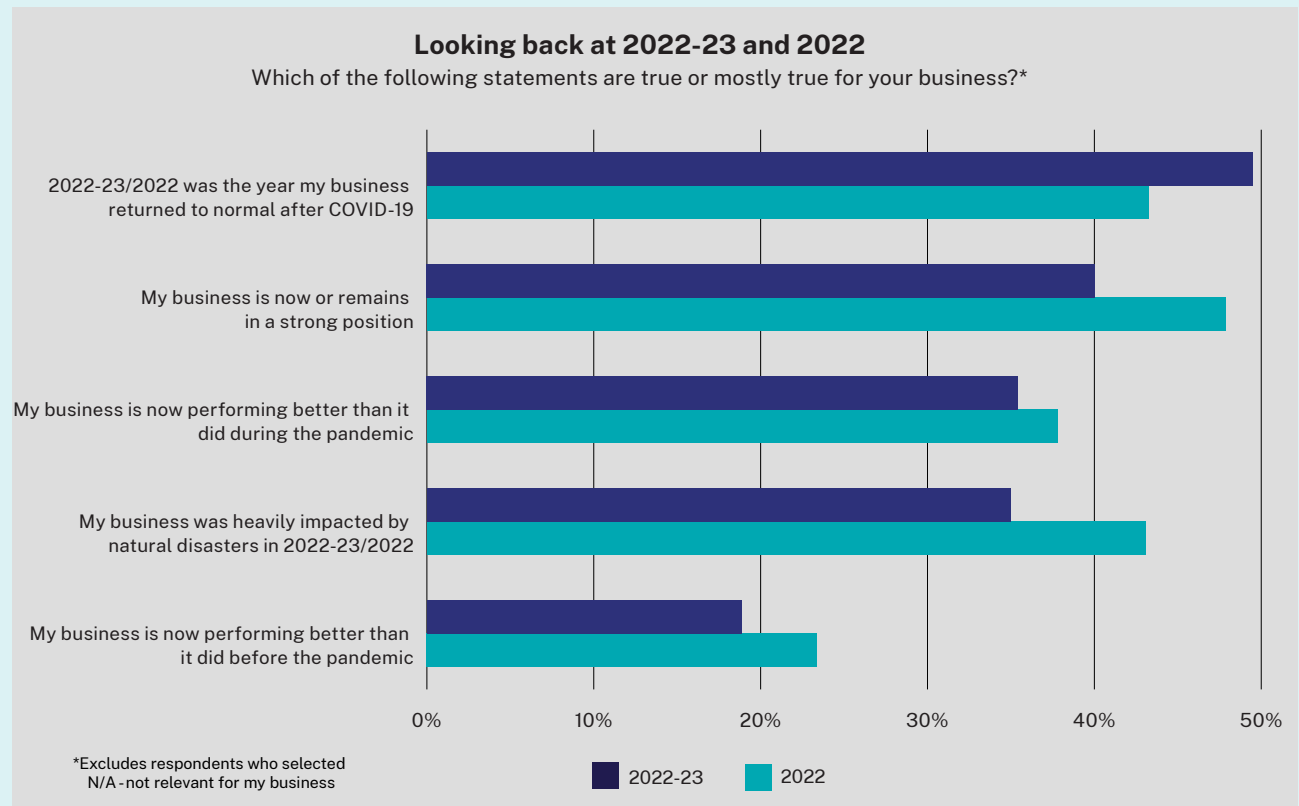
Looking back at the 2022-23 financial year, 40 per cent of businesses indicated that the statement 'My business is now or remains in a strong position' is true or mostly true for their business, down 8 percentage points from when businesses looked back at 2022 (48 per cent).

Looking ahead to 2023-24

Businesses are increasingly pessimistic in their outlook, three in five (63 per cent) anticipate 2023-24 will be a difficult period, up from one in two (53 per cent) when businesses looked ahead to 2023.

Business performance

Reviewing the 2022-23 financial year, one in five (19 per cent) businesses indicated that their business is now performing better than it did before the pandemic, down from one in four (23 per cent) when businesses looked back at the 2022 calendar year.



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	June 2023	May 2023	June 2023	May 2023
Extremely confident	↓ 4.2%	6.1%	↓ 0.6%	1.5%
Fairly confident	↓ 19.1%	20.0%	↓ 12.0%	13.1%
About the same	↓ 26.2%	28.1%	↓ 25.2%	31.8%
Fairly worried	↑ 36.4%	33.2%	↑ 45.0%	41.7%
Extremely worried	↑ 14.1%	12.6%	↑ 17.2%	12.0%
Extremely or fairly confident	↓ 23.3%	26.0%	↓ 12.6%	14.6%

Business size	n	% sample	Confidence*	Previous month
Non employing	230	36.3%	19.2%	↓
1 – 4 employees	208	32.9%	22.9%	↓
5 – 19 employees	151	23.9%	34.3%	↓
20 – 199 employees	44	7.0%	10.3%	↓
Total	633	100.0%	23.3%	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	343	54.7%	21.5%	↓
Regional and Rural NSW	284	45.3%	25.4%	↓
Total	627	100.0%	23.3%	↓

[#]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	41	6.5%	35.0%	↑
Mining	1	0.2%	0.0%	↓
Manufacturing	34	5.4%	23.5%	↑
Electricity, Gas, Water and Waste Services	7	1.1%	42.9%	↑
Construction	77	12.2%	27.5%	↑
Wholesale Trade	16	2.5%	14.3%	↓
Retail Trade	63	10.0%	12.7%	↓
Accommodation and Food Services	31	4.9%	22.6%	↓
Transport, Postal and Warehousing	28	4.4%	14.8%	↑
Information Media and Telecommunications	27	4.3%	23.1%	—
Financial and Insurance Services	37	5.8%	28.6%	↓
Rental, Hiring and Real Estate Services	26	4.1%	19.2%	↓
Professional, Scientific and Technical Services	63	10.0%	30.6%	↓
Administrative and Support Services	7	1.1%	0.0%	↓
Public Administration and Safety	1	0.2%	0.0%	N/A
Education and Training	20	3.2%	20.0%	↓
Health Care and Social Assistances	45	7.1%	32.6%	↓
Arts and Recreation Services	18	2.8%	17.6%	↓
Other Services	91	14.4%	20.3%	↓
Total	633	100.0%	23.3%	↓

*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 [#]	
	June 2023	May 2023	June 2023	May 2023	June 2023	May 2023	June 2023	May 2023
Increase	↓ 11.8%	13.9%	↓ 9.3%	13.3%	↓ 5.7%	8.2%	↓ 6.7%	8.6%
No change	↑ 38.7%	38.3%	↓ 39.8%	40.4%	↑ 30.3%	29.6%	↓ 31.9%	36.2%
Decrease	↑ 47.9%	45.4%	↑ 44.8%	38.6%	↑ 62.3%	60.4%	↑ 54.5%	47.5%
Unsure	↓ 1.6%	2.4%	↓ 6.1%	7.7%	↓ 1.7%	1.8%	↓ 6.9%	7.8%

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

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	June 2023	May 2023
Yes	↓ 33.8%	34.8%
No	↑ 50.4%	49.6%
Unsure	↑ 15.9%	15.6%

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

Nature of plans (of those who indicated 'yes') [~]		
	June 2023	May 2023
We have plans to hire additional staff	↓ 46.6%	49.8%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 35.8%	35.6%
We have plans to establish or expand our online business	↓ 26.4%	28.5%
We have plans to improve the range and/or quality of our products and services	↓ 53.2%	63.5%
Other	↑ 20.9%	15.8%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=206.

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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Methodology

Fieldwork conducted between 1 June to 30 June 2023 with 633 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.

