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## **Businesses hit brakes on hiring as confidence plummets**

NSW businesses have hit the brakes on hiring, with more planning to cut staff than expand, as confidence falls to record lows.

Business NSW's latest [Business Conditions Survey](#) reveals a sharp deterioration across the state, driven by weaker demand, rising costs and global uncertainty.

Confidence has fallen for a third consecutive quarter to -78.0 statewide, below the September 2021 lockdown trough of -75.5. In the Newcastle and Lake Macquarie statistical area, business confidence dropped from -53.5 in Q1 of 2026 to -75.9, and in the Hunter Valley, it fell from -76.9 to -82.1.

Business Hunter CEO Bob Hawes said the results were indicative of the challenging business environment in the wake of global tensions, inflationary pressures and a host of increasing cost pressures including taxes, red tape and changes to superannuation payments.

"The survey shows widespread impacts from global oil price shocks linked to conflict in the Middle East, with 96 per cent of businesses statewide reporting effects across fuel, freight, supply chains and demand," Mr Hawes said.

"Financial pressure is also intensifying, with nearly half of businesses reporting reduced income, more than a third drawing on savings and almost one in five considering permanent closure."

Alarmingly, 45 per cent of respondents in Newcastle and Lake Macquarie had cut staff in the past three months – more than any other region in NSW – and 28 per cent of Hunter Valley businesses had reduced headcount. In contrast, only 14 and eight per cent in the respective areas had hired additional staff.

Hiring intentions have also turned negative, with 38 per cent of businesses in Newcastle and Lake Macquarie and 28 per cent in the Hunter Valley expecting to reduce staff over the next three months, compared with just 14 per cent and eight per cent respectively planning to take on new employees.

"Business is always difficult ... however, the current environment feels harder than any period I have experienced, including the start-up years and the COVID years," one Hunter region business owner commented.

"The combination of rising costs, policy uncertainty, regulatory burden, labour pressures, weak consumer confidence and a general sense that enterprise is being punished rather than encouraged has created a level of despondency I have not felt before."

On the upside, businesses in both parts of the region indicated they expected conditions to improve over the next three months – although this optimism is likely linked to the uncertain prospect of a breakthrough in the oil crisis situation and easing of supply chain pressures.

Mr Hawes said the survey results were a wake-up call ahead of the NSW Budget.

"Workers' compensation reform showed governments can take practical steps to reduce business costs. The next priorities must be payroll tax relief, scrapping the Emergency Services Levy and continuing to cut red tape for small businesses seeking government work," he said.

With the NSW State Budget due on 23 June, Business Hunter is supporting Business NSW's calls for:

- payroll tax relief, including a cut in the rate from 5.45 per cent to below 5 per cent and an increase in the threshold above \$1.2 million
- scrapping the Emergency Services Levy, which adds at least 23 per cent to general business insurance premiums
- further procurement reform to reduce red tape and improve SME access to government contracts, with SME tender reforms needed to pass Parliament this year
- a stronger Business Connect 2.0 program, with funding doubled to \$20 million per year
- a fairer share of federal GST revenue for NSW.

Mr Hawes said businesses also have major concerns about proposed federal tax reforms, including capital gains tax settings and discretionary trust arrangements.

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