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Business confidence rebounds but challenges remain

Business confidence has improved to its highest level in three years off the back of easing interest rates and slowly rising economic growth, but Hunter region businesses are still facing significant cost challenges in their day-to-day operations.

Business NSW's latest [Business Conditions Survey](#), released today, shows a rise in the business confidence index over the third quarter of 2025 from minus 50 (-50) to -40, its highest reading since April 2022, with an encouraging 84 per cent of businesses indicating they intended to either maintain or grow their workforce numbers over the next quarter.

Business confidence in the Newcastle and Lake Macquarie region trended above the state average, at -34.4, while in the remainder of Hunter Valley it was on par with the NSW figure, at -40.

However, Business Hunter CEO Bob Hawes cautioned that the figures were still on the negative side of the index, with increased optimism tempered by rising cost pressures, including higher insurance premiums, taxes and energy prices.

"It is encouraging to see some uptick in confidence among business operators but we are still a long way from being able to say that business conditions are good," Mr Hawes said.

"What these figures really tell us are that things are 'less bad' than they have been in recent years. That is reflected in recent national economic indicators showing increases in household expenditure and business turnover, improving employment, lower inflation and some downward pressure on interest rates.

"The initial 'shock and awe' of the Trump tariffs seems to have eased in terms of its broad impact on consumer sentiment, although export businesses will still be grappling with the realities of the additional financial impost."

The survey of nearly 800 businesses revealed confidence was improving across nearly all industries and regions, with expectation of continued improvement into the next quarter.

Only 13 per cent of Newcastle and Lake Macquarie businesses and 10 per cent of Hunter Valley businesses had hired additional staff in the last quarter, but 19 per cent and 23 per cent in the respective regions anticipated increasing their headcount in the next quarter.

Insurance remains the key cost pressure for local businesses, as it is across the NSW, followed by government taxes and charges and energy costs.

Mr Hawes said these results indicated the urgency of government reform in these areas.

“We really need government to move on overhauling the state’s workers’ compensation system and cutting payroll tax to ease cost pressures and support growth,” Mr Hawes said.

“Another major driver of insurance costs is the Emergency Services Levy, which adds about 25 per cent to the average business insurance premium.

“Energy costs have also remained high for the second consecutive quarter, making it clear that both state and federal governments must act to lower the cost of gas and electricity.”

The latest Business Conditions Survey was conducted from 3-18 August. The statewide survey captures businesses' views on confidence and business prospects, cost pressures, hiring intentions, productivity challenges, interstate business prospects and feedback for government.

Media enquiries: Bob Hawes 0418 496 745