

29 September 2026

Hiring slows as Hunter business outlook remains cautious

A modest rebound in business confidence over the third quarter (Q3) of 2026 has failed to translate into jobs, with the latest *Business NSW Business Conditions Survey* showing more businesses are shedding staff than taking on new employees.

Despite confidence improving from an historic low, businesses remain cautious about hiring amid high operating costs and subdued consumer spending. Taxes, levies and government charges remained the top-ranked cost concern for businesses for the second consecutive quarter.

While the Business Confidence Index improved across NSW from a low of -78.0 in May to -65.0, businesses remain reluctant to expand their workforce. Just 12 per cent plan to hire additional staff over the next three months, while 21 per cent expect to reduce headcount.

Business Hunter CEO Bob Hawes said employers remained cautious about taking on staff in the face of high business costs and weak household spending.

"Businesses might be feeling slightly more optimistic than they were three months ago, but they're still not confident about taking on more staff," Mr Hawes said.

"That's especially evident in customer-facing sectors such as retail, hospitality and accommodation, where employers are often the first to feel pressure when consumers start tightening their belts.

"We've seen that locally through the recent spate of café closures in Islington.

"The message to politicians in the lead-up to the next NSW election is simple: if they want businesses hiring again, they need to make it easier and more affordable to employ people.

"Measures like reducing payroll tax and scrapping the Emergency Services Levy would ease pressure on employers and help restore confidence."

In the Newcastle and Lake Macquarie statistical area, hiring intentions were slightly stronger than the NSW average, with 18 per cent of businesses planning to increase headcount over the next three months. However, that was outweighed by the 26 per cent expecting to reduce staff numbers.

The trend was reflected in recent hiring activity, with only 13 per cent of businesses adding staff between June and August, while 28 per cent reduced their workforce.

Across the remainder of the Hunter Valley, conditions were weaker still, with no businesses surveyed expecting to hire additional staff and 24 per cent anticipating workforce reductions. Only 12 per cent hired during the survey period, compared with 21 per cent that cut staff.

Mr Hawes said the subdued hiring outlook was also reflected in the latest Australian Bureau of Statistics Labour Force figures, which showed jobs growth across the region slowing to just 300 positions in August, while the regional unemployment rate rose from 4.2 per cent in July to 4.6 per cent.

"Interestingly, we're also seeing more people enter the labour market at a time when hiring is slowing," Mr Hawes said.

"That may indicate rising household costs are encouraging some people who had previously left the workforce to seek employment again."

Business confidence remained firmly in negative territory but improved across both parts of the region.

In Newcastle and Lake Macquarie, the index rose from -75.9 in Q2 to -61.5 in Q3. A forward-looking reading of -46.2 suggests businesses expect conditions to improve in the lead-up to Christmas.

In the Hunter Valley, confidence improved from -82.1 to -54.5, although expectations for the next quarter remained unchanged at -54.5.

While hiring intentions remain subdued, the survey found businesses are increasingly turning to technology to improve productivity.

AI adoption continued to rise during the quarter, with 46 per cent of businesses reporting increased use over the three months of the survey period. Confidence in the technology is also growing, with 65 per cent saying increased usage had delivered the benefits they were seeking. Just 1 per cent of respondents reported not using AI at all.

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REGIONAL STATISTICS -NSW BUSINESS CONDITIONS SURVEY

Business Confidence Index

	Q2 2026	Q3 2026	Q4 expectation
NSW	-65.0	-78	-47.3
Newcastle/LM	-75.9	-61.5	-46.2
Hunter Valley	-82.1	-54.5	-54.5

Headcount – compared with three months ago

	Hired staff (%)	No change	Cut staff
NSW	12	58	30
Newcastle/LM	13	59	28
Hunter Valley	12	67	21

Hiring intentions – next three months

	Hiring staff (%)	No change	Cutting staff
NSW	12	66	21
Newcastle/LM	18	56	26
Hunter Valley	0	76	24