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BOUNCE IN BUSINESS CONFIDENCE DESPITE COST CRUNCH

Businesses have recorded their highest levels of confidence in nearly two years, but remain concerned about cash-strapped customers, insurance and energy costs.

The latest [Business Conditions Survey](#) – the most comprehensive business temperature check in the most important state – reveals the pause in interest rate rises has helped lift the Business Confidence Index for the third straight quarter to -52.9.

The gradual rise in business outlook has been cautiously welcomed by Business NSW CEO Daniel Hunter, who said business confidence levels are coming off an historically low base.

“The increase in business confidence to its highest level in nearly two years has largely been driven by interest rates remaining on hold,” Mr Hunter said.

“With every interest rate rise, small to medium businesses experience an almost immediate reduction in customers walking through the door. This increase in business confidence is a positive sign.”

When it comes to their customers, 95% of businesses are experiencing some impact of the rising cost of living.

“The most common experience is reduced customer demand for their products and services,” Mr Hunter said.

“A majority of businesses have observed consumer behavioural changes in the form of reduced frequency of purchases, reduced quantity per order, increased appetite for lower cost substitutes and increased price negotiation.”

When it comes to cost concerns for business, insurance is again top of the list with taxes/levies second and energy costs third.

More than half of NSW small to medium business experienced supply chain issues in the past three months, reflecting the devastating impact of industrial action at our nation's ports.

"Our members remain concerned about the new industrial relations laws which threaten to put a serious dampener on the NSW economy in the coming months and years," Mr Hunter said.

"It remains vitally important that our state and federal governments make the cost of doing business the number one, two and three issues on their agenda.

"To improve the ease of doing business, survey respondents consider taxes, levies and government charges as the area that requires top priority attention from government."

Key findings from the survey of more than 1100 businesses include:

- The Business Confidence Index has risen for the third straight quarter to -52.9, the highest reading in nearly two years.
- 95% of businesses are experiencing some impact of the rising cost of living.
- More than half (51%) of NSW businesses have reported business supply chain disruptions in the past three months.
- 10% of businesses observed more job applicants as a result of cost-of-living pressures.
- 92% of businesses have identified issues related to attracting and retaining skilled workers in their region.
- 17% of businesses are planning to hire additional staff in the next three months, while 18% are planning to cut staff. The rest are planning to maintain the same headcount.

About Business NSW

Formerly the NSW Business Chamber, *Business NSW* is the peak policy and advocacy body which has been representing businesses in NSW since 1826. We represent almost 50,000 businesses.

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