



Chamber of Commerce  
and Industry WA



June 2025 • CCIWA Survey

# Business Confidence

*Business confidence falters amid global uncertainty*

Business confidence across Western Australia has slipped over the June quarter, fuelled by the rise in global trade uncertainty stemming from the announcement of wide-sweeping tariffs. The proportion of WA businesses reporting international trade tensions as a barrier to growth over the coming year has more than doubled since December, with one in five (19%) now worried about this damaging their business – up from 9%.

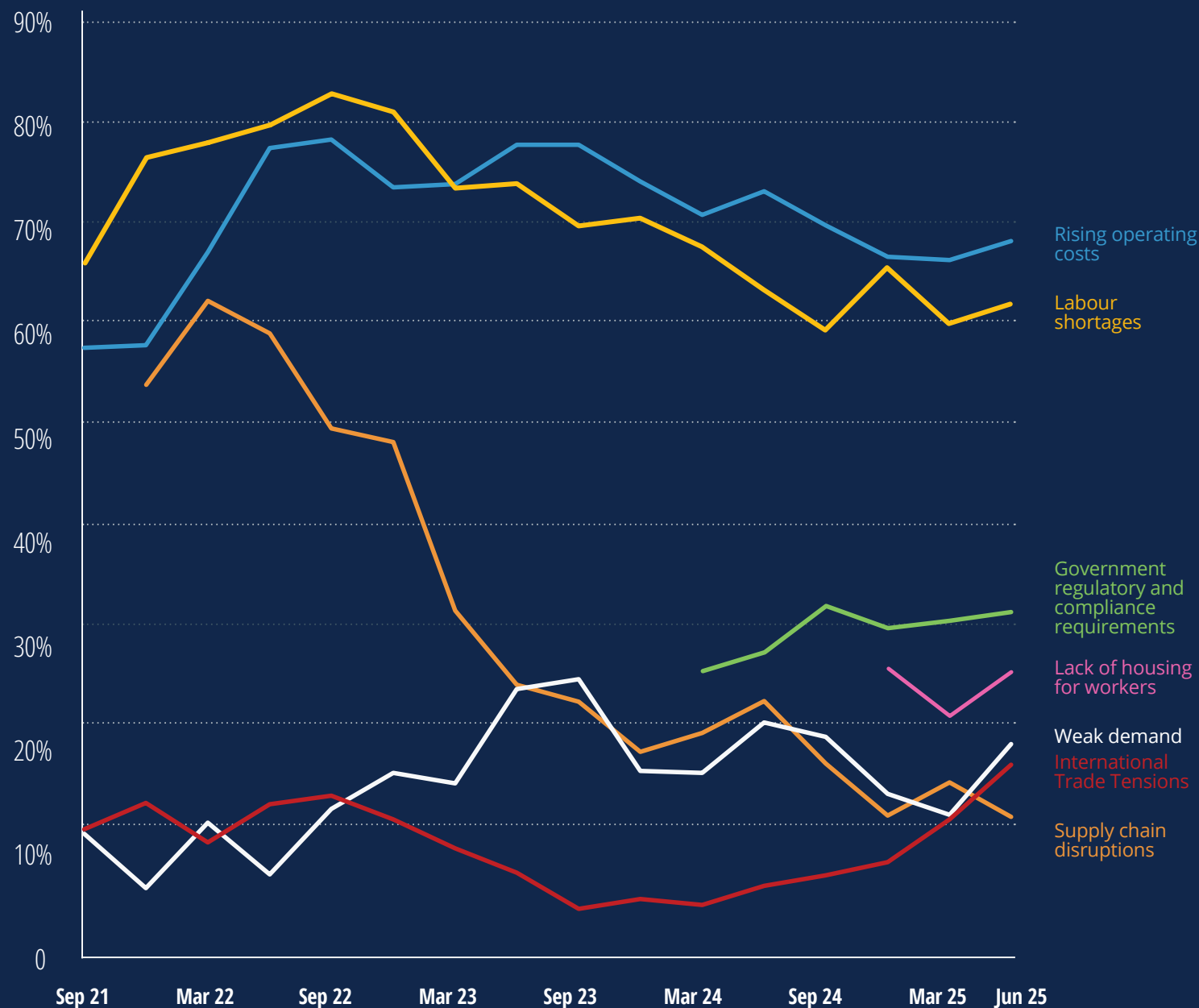
At the same time, the rising cost of doing business and the availability of skilled labour remain the key drags on confidence, with the proportion of businesses reporting each having risen slightly over the quarter. Seven in 10 (70%) reported rising costs as a barrier to growth over the coming year, while almost two thirds (64%) reported skills shortages.

These two issues continue to stand head and shoulders above any other identified, with government regulation being the next most prominent issue, identified by one third (33%) of respondents. Addressing these issues will therefore be key to lifting business confidence over the coming years – with measures such as increasing the payroll tax threshold the most direct way to reduce the costs of doing business.

In this edition of CCIWA's Business Confidence Survey, we look to uncover the impact of these barriers on WA businesses more closely. We asked WA businesses about the impact of recently announced tariffs on their supply chains, where the greatest cost pressures in their businesses are and whether they are struggling to hire workers.

## Barriers to Business Growth

% of survey respondents reporting barrier





### Short-Term Index drops 3.3 Index Points to 105.2 Points

Looking at the coming quarter, just over one third (35%) of Western Australian businesses expect stronger economic conditions, down six percentage points from last quarter. More than two in five (43%) anticipate no change, while over one in five (22%) anticipate weaker economic conditions.



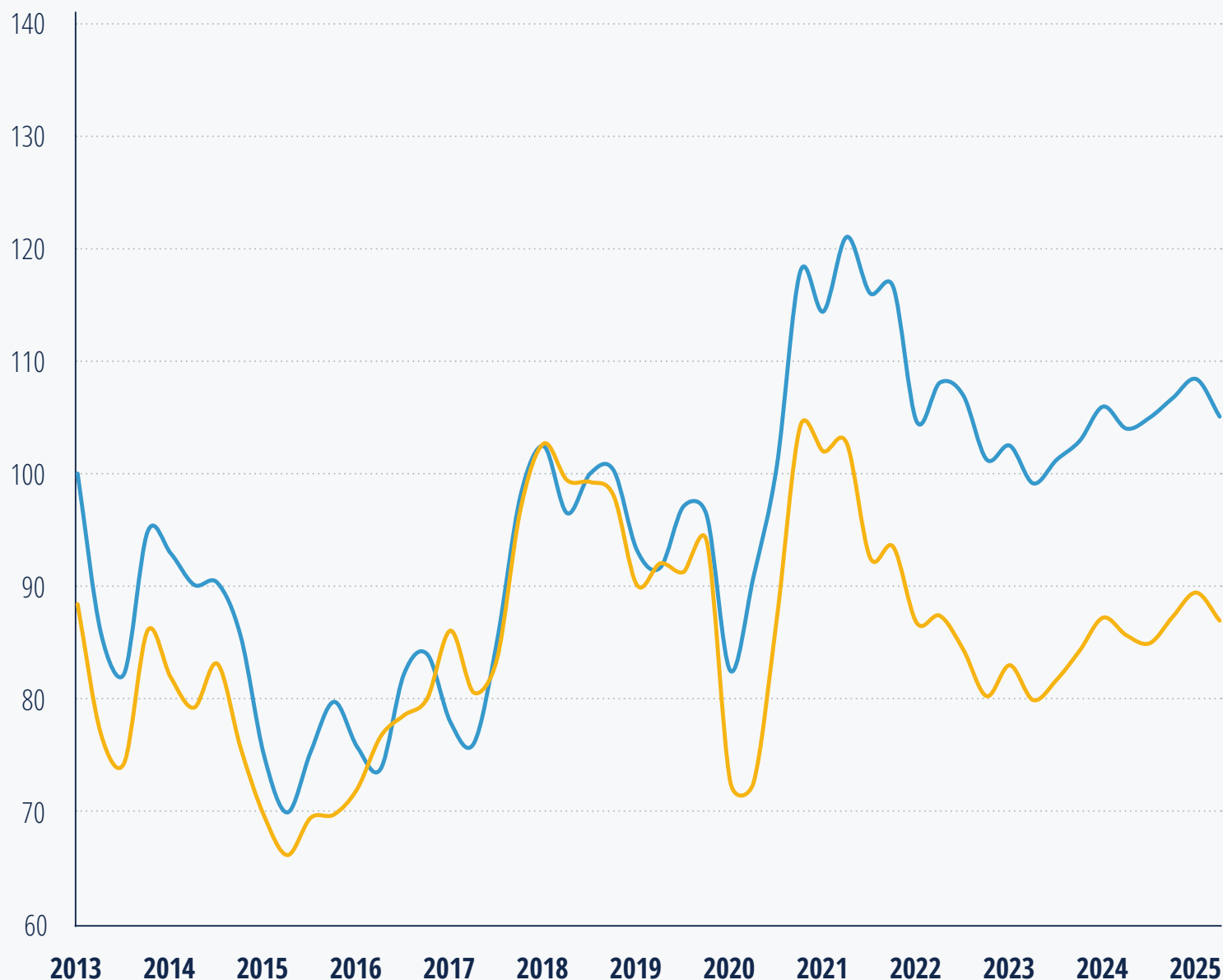
### Long-Term Index falls 2.5 Index Points over the quarter to 87.3 Points

One quarter (25%) of WA businesses expect economic conditions to improve over the next 12 months, just over two in five (44%) anticipate no change. The remaining three in 10 (31%) expect conditions to soften – up seven percentage points since last quarter.

## CCIWA Business Confidence Index

Index, 100 = 2018 Calendar Year

— Next Quarter (3 months) — Next Year (12 months)



## The industries driving short-term confidence

Businesses in the **education and training** sector lead short term confidence this quarter, with one half (50%) of respondents in the sector expecting economic conditions to improve over the next three months. This proportion is up three percentage points from last quarter, with businesses in this sector also being most likely to increase their staffing levels over the coming three months in a sign that many may be taking on new work.

This was followed by businesses in the **construction** industry, with 44% of respondents in this sector expecting conditions to improve over the coming quarter. The sustained demand for work in the residential sector and on public infrastructure projects continues to buoy confidence, as does the moderation in the growth in input costs. While still relatively high, the proportion expecting stronger conditions has dropped 11 percentage points since March.

The **professional services** industry also reported a relatively higher proportion of businesses expecting conditions to strengthen (41.7%). This likely reflects the sustained demand for services from this industry, for example the strong demand coming from public projects. Indeed, no respondents in the sector reported weak demand as a barrier for their business over the next year.

On the flipside, businesses in the **retail trade** sector are most pessimistic, with just over two in five (43%) businesses expecting conditions to worsen over the next three months. This comes as household consumption growth has dropped to its lowest annual level in four years and consumers continue to pull back on discretionary spending – CCIWA's latest *Consumer Confidence Survey* identified just over half of Western Australians are planning to further reduce their spending on consumer goods and cafes and restaurants over the second half of 2025. The **real estate services** (36%) and **accommodation and food services** (33%) industries also reported a larger proportion expecting weaker conditions.





## Costs, labour shortages remain key barriers to business

The leading barrier to business growth remains the rising cost of doing business, with seven in 10 (70%) WA businesses identifying this. This is up two percentage points since last quarter, however is still close to its lowest level in the last three years. Across industries, cost concerns are more prevalent in the food & accommodation services (93%), utilities services (91%) and health care & social assistance (88%) sectors.

Closely following, labour shortages continue to persist as the second most reported barrier to growth, with just under two thirds (64%) of WA businesses reporting this – up two percentage points since the March quarter. This barrier is most widespread in the manufacturing (70%), construction (70%) and resources (65%) industries.

Government regulatory and compliance requirements also remain a significant barrier, cited by one third (33%) of respondents – unchanged since last quarter. This concern saw the greatest proportion of responses from businesses in the agriculture (50%), education and training (50%) and transport (50%) industries.

Shortages of housing for workers has picked up as a concern over the quarter, identified by nearly three in 10 (28%) businesses – a rise of four percentage points. This challenge remains more acute in regional areas, where more than two in five (43%) businesses report it as a barrier – almost triple the 15% recorded in metro areas. By industry, those most likely to indicate this concern are in the accommodation and food services (60%), professional services (58%) and health care and social assistance (46%) sectors.

Notably, the proportion reporting international trade tensions has risen to its highest level since we began asking this question in June 2021. 19% of businesses reported this as a barrier over the coming year, more than double that only six months ago (9%), as the level of trade policy uncertainty has skyrocketed following the announcement of tariffs from the US. In line with this global uncertainty, the proportion reporting weak demand has also picked up to its highest level in over a year (21%). This concern is reflected in CCIWA's Production Expectations Index, which fell 7.9% over the quarter.



### Rising operating costs

Identified by **70%** of businesses

#### Sectors most likely to report: as a barrier:

**93%** Accommodation & Food Services

**91%** Utilities Services

**88%** Health Care & Social Assistance



### Government regulatory and compliance requirements

Identified by **33%** of businesses

#### Sectors most likely to report: as a barrier:

**50%** Agriculture

**50%** Education & Training

**50%** Transport



### Skill shortages

Identified by **64%** of businesses

#### Sectors most likely to report: as a barrier:

**70%** Manufacturing

**70%** Construction

**65%** Resources



### Lack of housing for workers

Identified by **28%** of businesses

#### Sectors most likely to report: as a barrier:

**60%** Accommodation & Food Services

**58%** Professional Services

**46%** Health Care & Social Assistance

## US tariffs to create supply chain headaches for WA

The United States' wide-ranging tariffs – and the retaliatory tariffs announced by other countries – have created significant uncertainty around international trade, with the final landing spot still a major unknown. This has increased uncertainty among businesses, particularly those who trade or source their goods from overseas, as supply chains are set to be disrupted. As a heavily trade exposed economy, these disruptions have the potential to weigh on the WA economy.

As a result, in this edition of CCIWA's Business Confidence Survey, we set to uncover the impact these tariffs could have on WA businesses' supply chains and whether any will look to trade or set up operations in new markets.

When asked about the impact of tariffs on their supply chains, three in five (60%) WA businesses indicated they expect their supply chains would be impacted as a result. However, only 5% indicated they would be extremely impacted – 21% said they would be moderately impacted, while 33% said they would only be slightly

impacted. The transport (80%), utilities services (73%), agriculture (71%) and resources (71%) sectors indicated they are most likely to be impacted, however agriculture is likely to be impacted most severely.

Around one in eight (13%) businesses said that they would look to import or export from different markets as a result of the tariffs. When only considering businesses that trade internationally, this proportion rises to one in five (21%). Of those looking to shift the markets they trade in, Australia (27%), China (23%), other South-East Asia (21%) and Europe (17%) were the most popular areas identified.

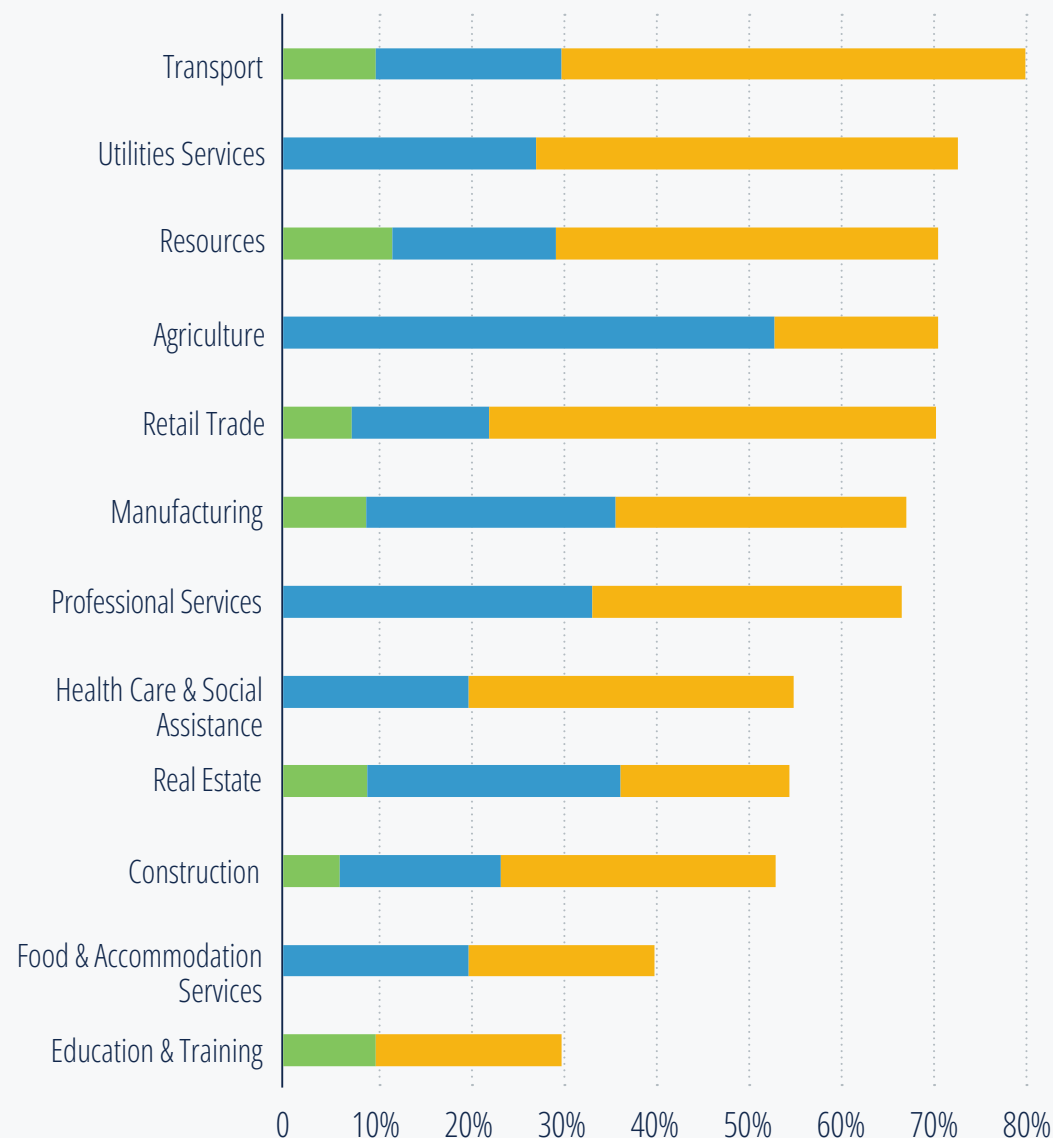
Despite the potential disruption the tariffs could cause, only 2% of businesses reported they were looking at establishing new operations elsewhere. This indicates that while some businesses are open to shifting their supply chains and trading partners, they are far less likely to completely shift their operations elsewhere.



## Impact of Tariffs on Supply Chains

Proportion reporting impact

■ Extremely ■ Moderately ■ Slightly



## Wages the overwhelming cost pressure on WA businesses

As already discussed, rising operating costs remain the most significant barrier to business growth over the coming 12 months. Given the high cost of doing business, in this edition of the CCIWA Business Confidence Survey we looked to uncover the greatest pinch points facing WA businesses.

The main cost pressure for business remains rising wages, with four in five (80%) respondents indicating this was one of their top three cost pressures. This was overwhelmingly identified as the key cost pressure for businesses, with the proportion identifying this rising eight percentage points since we last asked this in June 2024. Businesses in the health care & social assistance (95%), resources (94%) and utilities services (91%) industries were most likely to report wages as a cost pressure for their business.

The second most reported cost pressure is insurance costs as businesses continue to feel the strain of significant premium hikes, with more than one half (54%) of businesses indicating this. This is particularly the case for businesses in

the utilities services (91%), real estate services (80%) and construction (64%) sectors.

This is followed by supplier costs, with two in five (41%) WA businesses reporting this as one of their top three cost pressures – up four percentage points since this time last year. Businesses operating in the manufacturing (60%), food & accommodation services (53%) and retail trade (44%) sectors were most likely to indicate this as a key cost pressure.

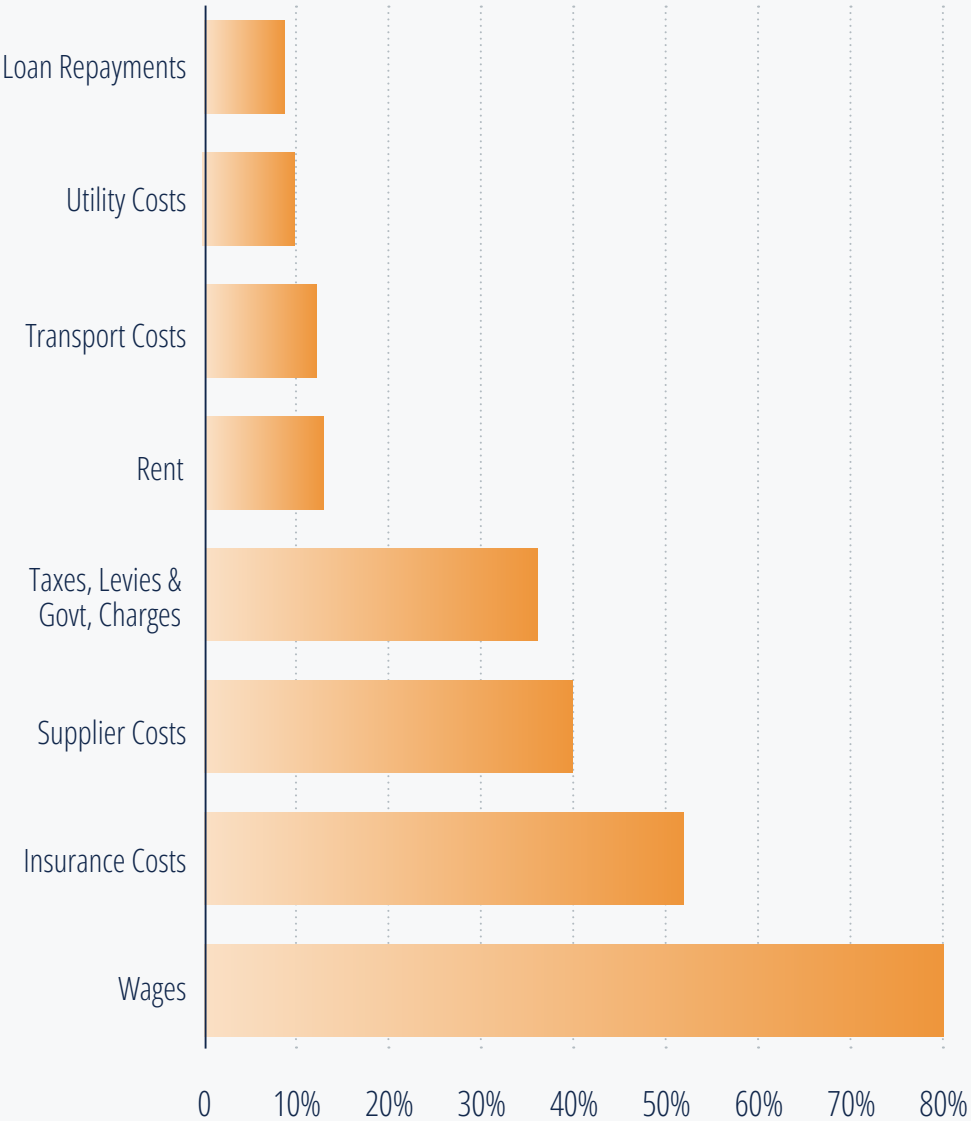
Other cost pressures cited include:

- 34% Taxes, levies and other government charges
- 14% Rent
- 13% Transport costs
- 11% Utility costs
- 10% Loan repayments

Of particular note, the pressure being applied by taxes, levies and other government charges is being acutely felt by smaller businesses. 41% of small businesses reported this as one of their top three cost pressures, compared with only 12% of large businesses.



## Business Cost Pressure



## WA businesses continuing to struggle with hiring workers

Western Australia's labour market remains tight, with the unemployment rate averaging 3.7% over the year to April – still significantly lower than the decade average of 5.2%. In this edition of CCIWA's Business Confidence Survey, we explore developments in labour shortages across WA.

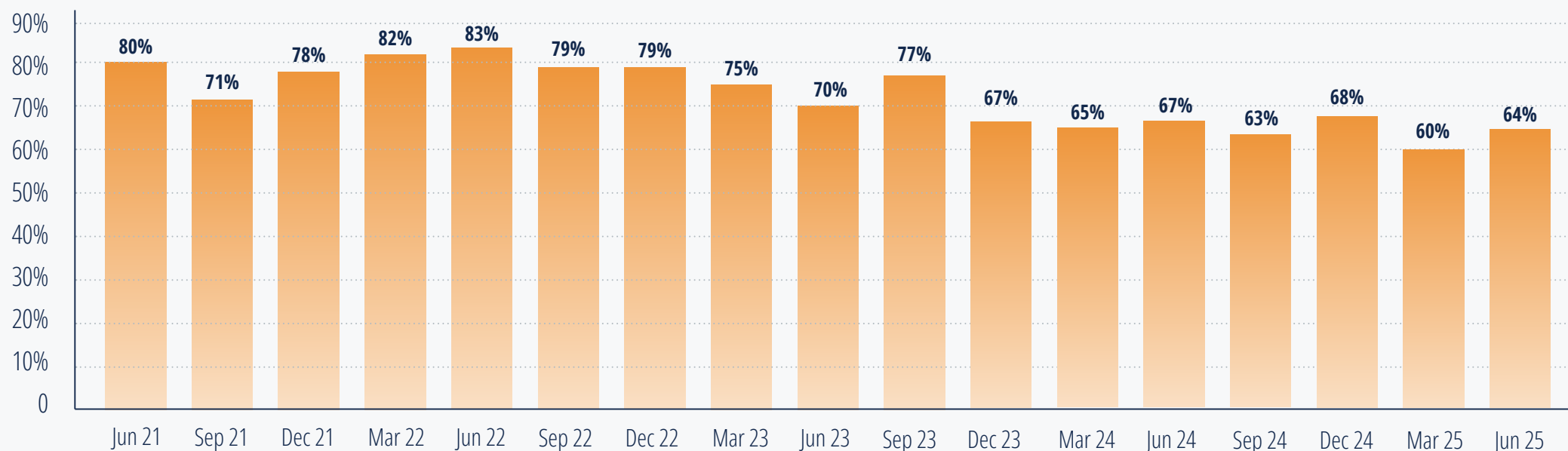
When asked if they have struggled to hire for a particular skillset over the quarter, just over three in five (64%) WA businesses reported they had. This proportion is up four percentage points from last quarter but is still the third lowest proportion recorded in the last four years.

Breaking this down by industry, businesses in the resources (82%), professional services (75%) and transport (70%) sectors have most struggled to fill a position. In all other sectors (except for agriculture), at least half of businesses have indicated they are struggling to fill a position.

Looking at shortages by business size, large businesses are more likely to have struggled to hire for a particular position, with three in four (76%) reporting this. In contrast, 68% of medium sized businesses reported this, while 58% of small businesses indicated they have struggled to fill a position.



### % of Respondents Struggling to Fill a Position





## Top three occupations in demand by industry

	One	Two	Three
Agriculture, Forestry & Fishing	Heavy duty mechanics	Engineers	Labourers
Construction	Electricians	Carpenters	Plumbers
Education & Training	Educators	Trainers and assessors	Supervisors
Food & Accommodation Services	Chefs	Butchers	Front of house staff
Health Care & Social Assistance	Support workers	Dental assistants	Registered nurses
Manufacturing	Machinists	Electricians	Engineers
Professional, Scientific & Technical Services	Design, engineering and science professionals	Health professionals	Salespeople
Real Estate Services	Property managers	Sales representatives	-
Resources (including mineral resources and oil & gas)	Mechanics	Heavy duty fitters	Engineers
Retail Trade	Automotive Technicians	Chefs and Food Trades Workers	Sales Workers
Transport, Postal & Warehousing	Automotive technicians	Truck drivers	Administration staff
Utilities Services	Telecommunications linesworker	Technicians	Electricians
Transport, Postal & Warehousing	Automotive Technicians	Machine Operators	Work Health & Safety Adviser
Utilities Services	Telecommunications Linesworker	Plumbers	Electricians

## Business Confidence June 2025



Both **short and longer-term confidence fell** over the March quarter.



The **rising cost** of doing business remains the **leading barrier** to business growth, with **seven in 10 (70%)** reporting this.



**Three in five (60%)** WA businesses said **their supply chains** would be **disrupted** as a result of **US and other tariffs**.



**Almost two thirds (64%)** of WA businesses reported they are **struggling to hire** for a **particular skillset**.

## Key Results from the Survey

Indicator (Index)	Actual			Expected	
Economy	Dec 24	Mar 25	Jun 25	1 Quarter	1 Year
WA Economic Conditions	114.7	112.6	111.7	105.2	87.3
Operating Conditions					
Employment	106.1	106.7	103.5	101.8	-
Labour Costs	114.5	115.4	113.1	112.1	-
Anticipated CAPEX	101.9	103.5	104.0	104.0	-
Profitability	102.4	101.0	98.3	99.2	-
Credit	98.7	97.2	97.6	100.5	
Production	100.3	98.2	96.1	96.3	

Note: Index figures may have changed from previous editions of *Business Confidence* due to changes in index calculation methodology. The index has been rebased to the average score of respondents over the 2018 calendar year. The value of the index in any period can be interpreted as the percentage change in average business expectations in that period compared with average business expectations in 2018. For example, the index for current economic conditions in June 2025 is 111.7, which suggests that the average score of survey respondents for economic conditions in June 2025 is 11.7 per cent higher than the average response in 2018.

## Sample

Industry	
Construction	24%
Manufacturing	16%
Other Services	11%
Retail Trade	7%
Health Care & Social Assistance	5%
Resources	4%
Agriculture, Forestry & Fishing	4%
Professional Services	3%
Other	26%
Business Size	
Small (1-10 employees)	46%
Medium (11-100 employees)	41%
Large (100+ employees)	13%
<b>Total number of responses</b>	<b>472</b>



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