Chamber of Commerce and Industry WA

March 2026 • CCIWA Survey

Business Confidence

Labour shortages and costs weigh on business growth

Business confidence declines among inflationary woes

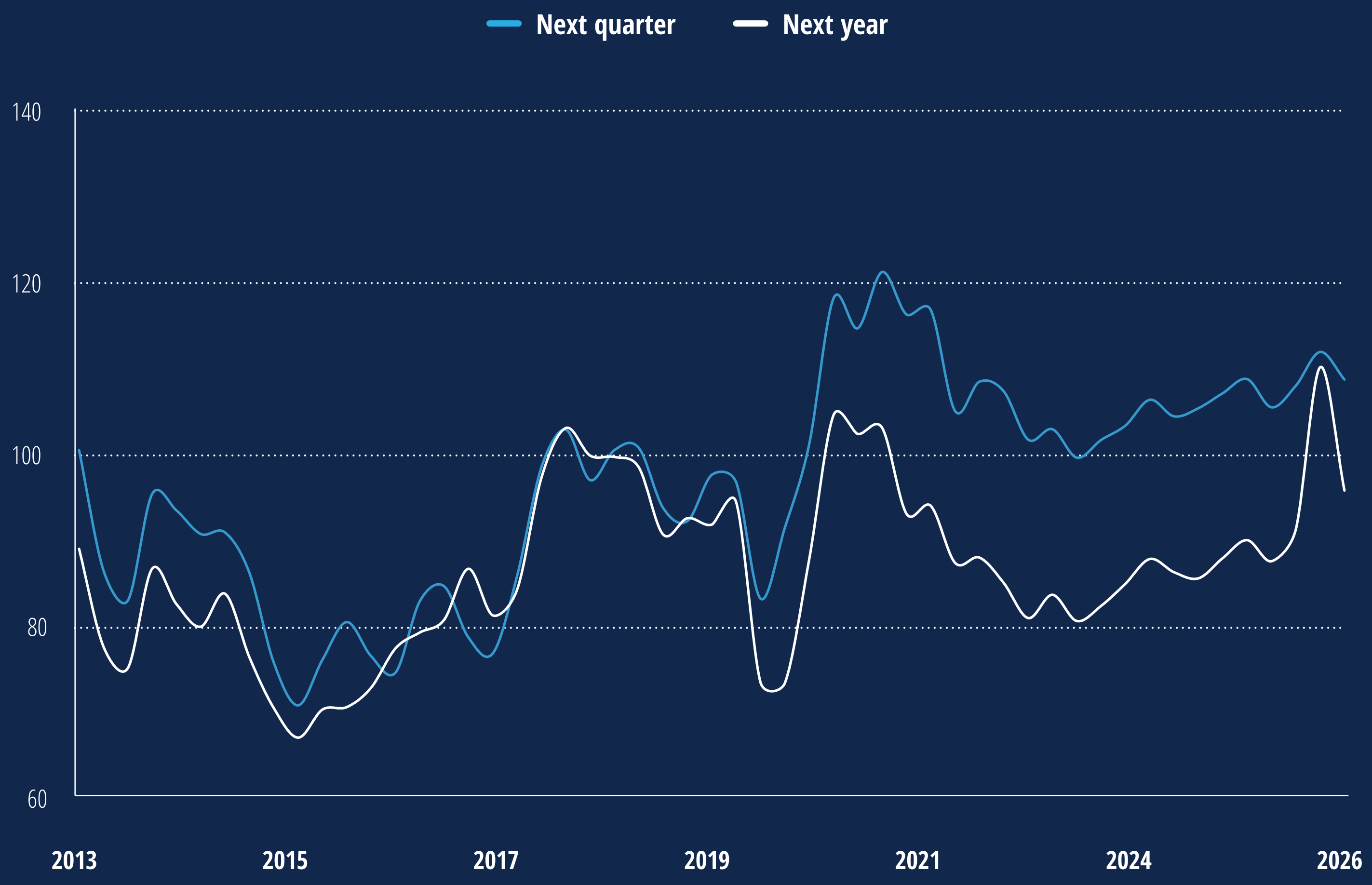
Business confidence in Western Australia softened over the March quarter as renewed cost pressures and labour shortages began to weigh more heavily on firms. While short-term optimism eased only modestly, long-term confidence posted its sharpest decline since March 2020, indicating a growing sense of caution about the State's economic outlook.

The key issues driving the decline in business confidence aligns with the outlook for interest rates and ongoing labour shortages.

In February, the Reserve Bank of Australia's (RBA) Monetary Policy Board decided unanimously to raise the cash rate from 3.6% to 3.85% to tackle persistent inflation, marking the first rate hike since November 2023. With inflation expected to peak in mid-2026, concerns about further rate increases have been at the forefront of business decision-making.

CCIWA Business Confidence Index

Index, 100 = 2018 Calendar Year



Source: CCIWA | calculations based on CCIWA Business Confidence Survey, Quarter 1, 2026

Barriers to growth

Just under seven in 10 (69%) of businesses reported labour shortages as their number one barrier to growth. WA currently records the lowest unemployment rate in the country at 3.4%, highlighting the strength and resilience of the State's economy. However, these workforce constraints contributed to ongoing cost pressures for businesses, reflected in WA's wage growth of 4.1%, above the national average of 3.4%.

Government taxes and regulations remained a concern for business growth. Some 41% of businesses surveyed this quarter identified government regulation as a prominent challenge. Addressing these constraints will be critical to lifting business confidence, with measures such as increasing the payroll tax threshold and reducing regulatory burdens pivotal to lowering the cost of doing business.

Lack of housing for workers (27%) continued to be an issue across all regions in WA.

Despite the overall decline in business confidence, uncertainty around supply chains, cyber security, access to finance, and weak demand all improved over the March quarter.

Trade tensions saw the sharpest decline as a barrier to growth, with less than one in 10 (9%) of businesses reporting this barrier – a decline of 11 percentage points on the previous quarter. Businesses that struggled gaining access to finance to support business growth also declined, down from 14% to 7% of businesses surveyed.

Going forward, ongoing conflict between the United States and Iran is expected to impact energy prices and supply chains. While these forces are likely to undermine RBA efforts to cool inflation, their impact is yet to be determined.

In this edition of CCIWA's *Business Confidence Survey*, we examined the impact of these barriers on WA businesses in greater detail. We asked businesses about their greatest cost pressures, the effectiveness of strategies to navigate rising costs and how they are managing ongoing labour shortages.

Short-Term Business Confidence Index declines 3% over the quarter

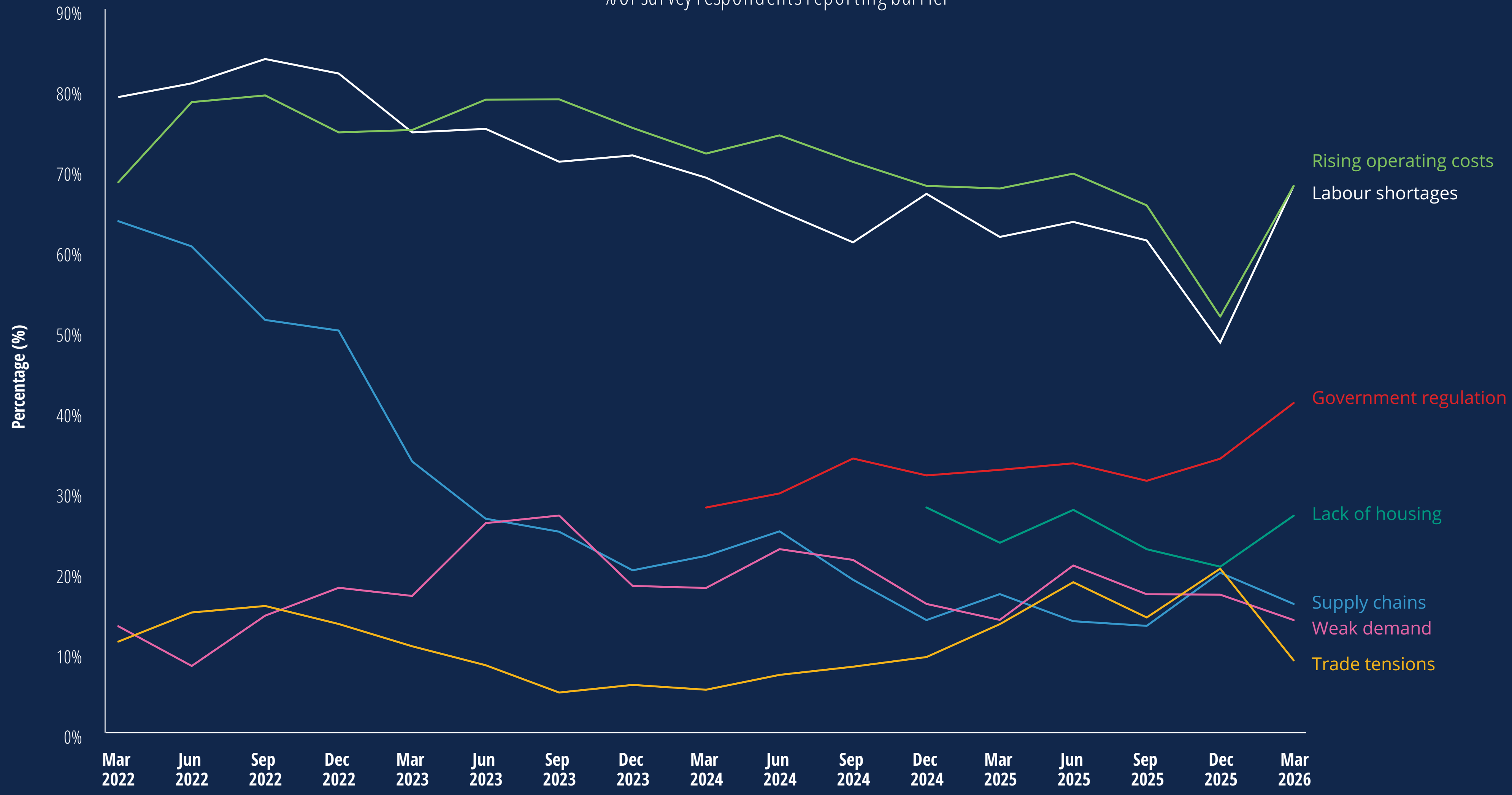
Short-term confidence declined by 3.2 index points to 108.4. Looking at the coming quarter, just over two in five (43%) WA businesses expected stronger economic conditions, down six percentage points from last quarter. Just over one in three (36%) anticipated no change, while one in five (21%) anticipated weaker economic conditions.

Long-Term Business Confidence Index falls 13% over the quarter

Long-term confidence declined by 14.4 index points to 95.5. Approximately two in five (44%) WA businesses expected economic conditions to improve over the next 12 months – a decline of 24 percentage points. One in three (33%) anticipated no change to conditions while the remaining one in five (22%) expected conditions to soften – up nine percentage points since the last quarter.

Barriers to Business Growth

% of survey respondents reporting barrier



Change in short-term business confidence by industry

Businesses in the **resources** sector led short-term confidence this quarter, with just under seven in 10 (67%) respondents in the sector expecting economic conditions to improve over the next three months. This proportion decreased by two percentage points from last quarter, signifying that expectations around commodity prices would remain robust.

This was followed by businesses in the **construction** industry, as 56% of respondents in this sector expected conditions to improve over the coming quarter. This is a six-percentage point increase from last quarter. Despite an increase to interest rates and uncertainty around future price hikes to construction inputs, businesses expected demand across the construction industry to remain robust over the next three months.

The **professional, scientific & technical services** industries recorded the third highest level of business confidence. Half (50%) of all businesses across this sector expected conditions to strengthen, an increase of three percentage points over last quarter's results.

On the flipside, businesses in the **retail trade** sector were the most pessimistic, with just over two in five (44%) businesses expecting conditions to worsen over the next three months. This was likely due to rising supply costs and labour shortages putting pressure on wages. Businesses in the **education and training** (38%), **transport** (33%), **agriculture** (31%), and **healthcare and social assistance** (22%) industries also reported an increase in expecting weaker conditions.

Labour shortages and operating costs remain key barriers to business growth

Labour shortages have surpassed rising operating costs as the largest barrier to business growth over the next 12 months. Almost seven in 10 (69%) WA businesses identified labour shortages as the main barrier to growth, an increase of 19 percentage points since the December 2025 quarter.

Across industries, labour shortages were most prevalent in the **construction** (82%), **agriculture, forestry & fishing** (81%), **resources** (76%), and **health care and social assistance services** (67%) sectors.

Following labour shortages, rising operating costs continued to persist as the second most reported barrier to growth. Just under seven in 10 (68%) WA businesses identified this, up 16 percentage points since the March quarter. This barrier was most widespread in the **resources** (76%), **manufacturing** (76%), **construction** (69%) and **education and training** (69%) industries.

Government regulatory and compliance requirements have persisted as a top three barrier to business growth, cited by two in five (41%) respondents. This constituted a decline of seven percentage points since the last quarter. Regulatory and compliance concerns were most prevalent across businesses in **education and training** (56%), **retail** (44%), **construction** (39%) and **health care and social assistance** (39%).

Shortages of housing for workers worsened across the March quarter. Nearly one in three (27%) businesses identified shortages of housing for workers as a barrier to growth – an increase of six percentage points on the December 2025 quarter. This challenge remained more prominent in regional WA, where more than two in five (42%) businesses reported housing as a barrier to growth – 15 percentage points higher than recorded in metro areas. By industry, those most likely to indicate this concern were in the **education and training** (63%), **health care and social assistance** (39%), **resources** (33%), and **agriculture, forestry and fishing** (31%) sectors.

Skill shortages

Identified by **68%** of businesses

Sectors most likely to report as a barrier:

82% Construction
81% Agriculture, forestry & fishing
76% Resources
67% Health care & social assistance

Rising operating costs

Identified by **67%** of businesses

Sectors most likely to report as a barrier:

76% Resources
76% Manufacturing
69% Construction
69% Education and training

Government regulatory and compliance requirements

Identified by **41%** of businesses

Sectors most likely to report as a barrier:

56% Education and training
44% Retail
39% Construction
39% Health care & social assistance

Lack of housing for workers

Identified by **27%** of businesses

Sectors most likely to report as a barrier:

63% Education and training
39% Health care & social assistance
33% Resources
31% Agriculture, forestry & fishing

Effective strategies at mitigating the higher operating costs

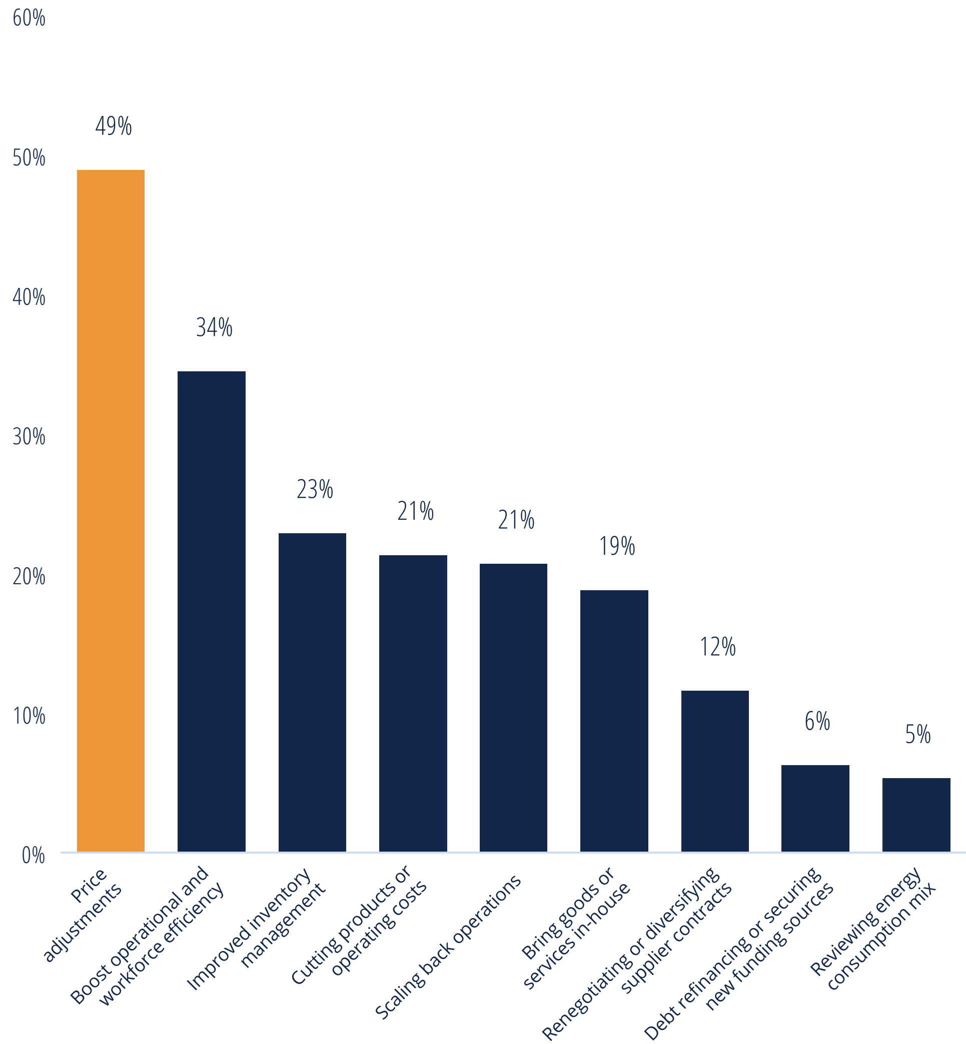
With rising operating costs continuing to burden businesses, firms have been increasingly exploring alternative strategies to navigate higher expenses. In this edition of CCIWA's *Business Confidence Survey,* businesses were asked to rank strategies that have been most effective in mitigating the rising cost of doing business.

The top-ranked strategy for managing higher costs was price adjustments, with just under half (49%) of businesses reporting this as their most effective response. As rising operating expenses continue to act as a barrier to growth, many businesses have been forced to pass these costs on to consumers. Price adjustments were most prominent in **retail** (63%), **resources** (56%) and **construction** (51%) sectors.

Western Australian businesses have also responded to rising costs by prioritising improvements in operational and workplace efficiency, with 34% identifying this as one of the most effective mitigation strategies. This suggested many WA firms have focused on productivity gains, process optimisation and better workforce utilisation to protect margins and remain competitive amid elevated input and labour costs. Operational and workplace efficiency strategies were more likely to be adopted in **health care & social assistance** (69%), **real estate services** (55%) and **manufacturing** (42%) industries.

Improved inventory management has been a moderately effective strategy for mitigating higher business costs, with 23% of businesses identifying it as the third most effective strategy. By optimising stock levels, reducing holding costs, and minimising waste and overordering, firms have been able to ease cash flow pressures and partially offset rising input and operating expenses. Inventory management strategies were more likely to be employed by **manufacturing** (36%), **retail** (33%) and **agriculture, forestry and fishing** (23%) sectors.

Effective strategies mitigating the higher costs of doing business



Rising costs continue to mount pressure on WA businesses

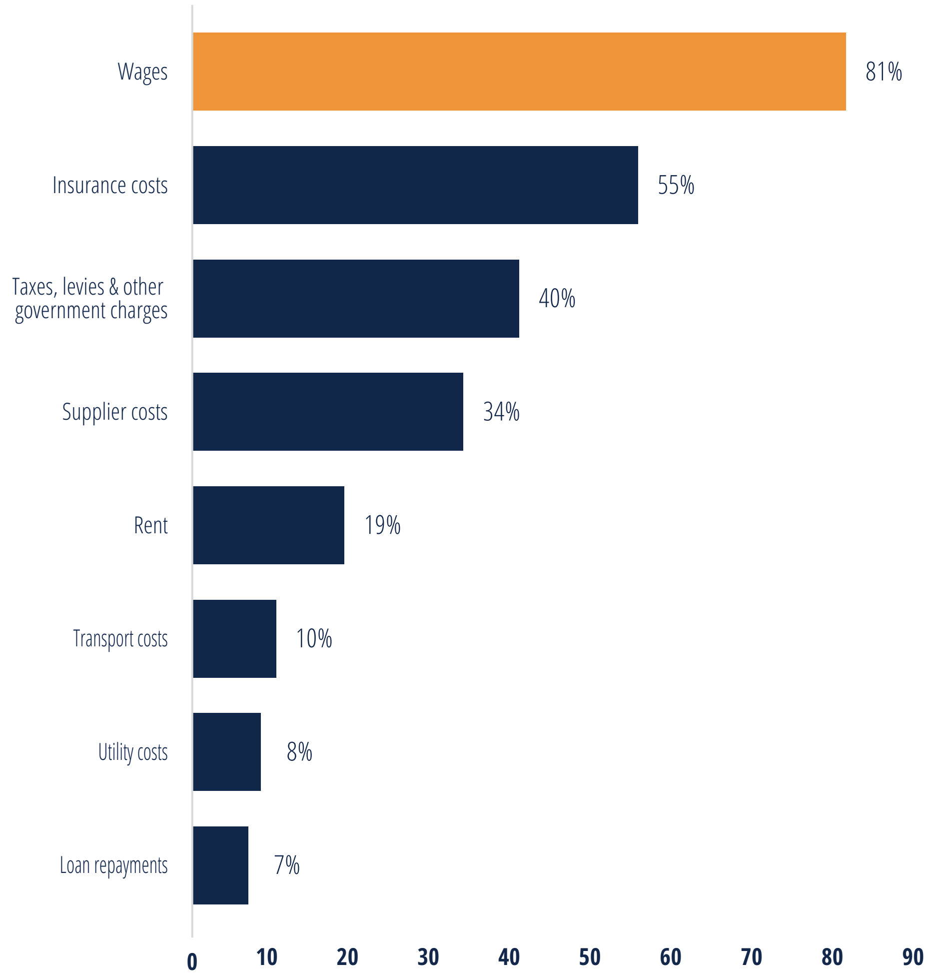
Cost pressures have continually ranked in the top two barriers for both businesses and households across consecutive surveys. In this edition of the CCIWA *Business Confidence Survey*, we looked at the main drivers of cost pressures facing WA businesses.

Rising wages overtook insurance costs as the number one cost pressure for businesses. Slightly more than four in five (81%) respondents highlighted labour costs as the major source of their cost pressures – a substantial increase of 35 percentage points from last quarter. According to quarterly wage growth data released by the Australian Bureau of Statistics (ABS) earlier this month, WA has the highest annual wage growth rate of 4.1% across the nation. As WA's labour market remains tight, labour shortages will continue to put pressure on wage growth. Businesses in the **healthcare & social assistance** (90%), **education & training** (85%), **manufacturing** (84%) and **retail** (83%) industries were most likely to report wages as a cost pressure for their business.

The second most reported cost pressure to businesses was insurance costs, with slightly over half (55%) of businesses indicating this. This figure has increased by two percentage points, a sign that businesses continued to feel the strain of premium hikes. This was particularly the case for businesses in the **real estate** (64%), **construction** (63%) and **retail** (63%) sectors.

Taxes, levies and other government charges rose to third place, overtaking utility costs as the third largest cost pressure for businesses. More than two in five (44%) of WA businesses reported this – an increase of 20 percentage points over last quarter. The increase was partially attributed to strong wage growth in WA which continued to raise the burden on payroll tax for businesses. Businesses operating in the **real estate** (64%), **construction** (51%) and **resources** (44%) sectors were most likely to indicate this as a key cost pressure.

Business cost pressures



Western Australia's labour market has continued to tighten, with the State recording the lowest unemployment rate in the nation. Unemployment currently sits at 3.4%, well below the national average of 4.1%. While this reflects the strength and resilience of the WA economy, it demonstrates ongoing labour shortages and wage cost pressures for businesses across the State.

In this edition of CCIWA's *Business Confidence Survey*, we explored developments in WA's labour market and the impacts on business.

Respondents were asked if they have struggled to hire for a particular skillset over the March quarter. Close to seven in 10 (67%) WA businesses reported difficulty in filling skilled vacant positions – a decline of eight percentage points from last quarter. While this constituted a slight improvement to labour conditions, labour shortages have remained widespread, with the majority of businesses still experiencing challenges sourcing suitably qualified workers.

By industry, businesses in the **agriculture, forestry and fishing** (79%), **education and training** (77%), and **resources** (74%) sectors struggled the most to fill skilled positions. In all other sectors, at least half of businesses have indicated they had found it hard to fill a position.

Looking at shortages by business size, large businesses (100+ employees) were more likely to struggle to hire for a particular position, with almost eight in 10 (78%) reporting this. A similar level was reported by medium-sized businesses (76%), while 52% of small businesses indicated they had difficulty filling a position.

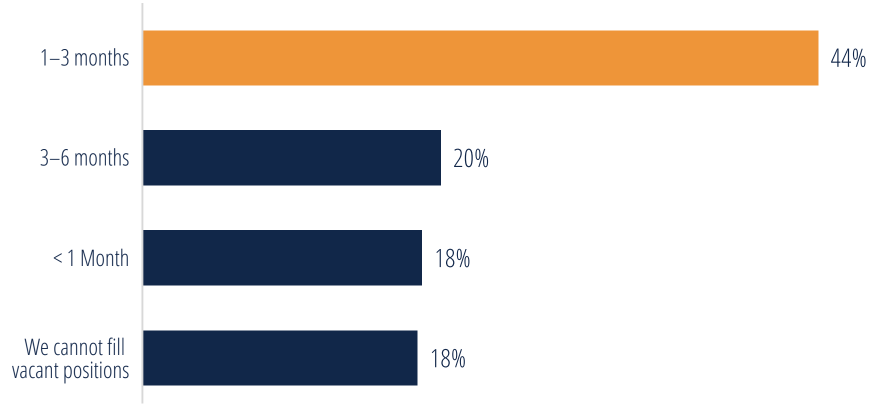
It is taking businesses a long time to fill vacant positions. Some 44% of businesses surveyed indicated that it took between one and three months to recruit suitable staff, while 20% required between three and six months. Nearly two in five (18%) businesses reported filling a vacancy in less than one month.

Concerningly, 18% of businesses reported that they were unable to fill vacant positions at all. Prolonged hiring timeframes disrupt business operations, delay project delivery and increase pressure on existing staff, weighing on productivity and growth.

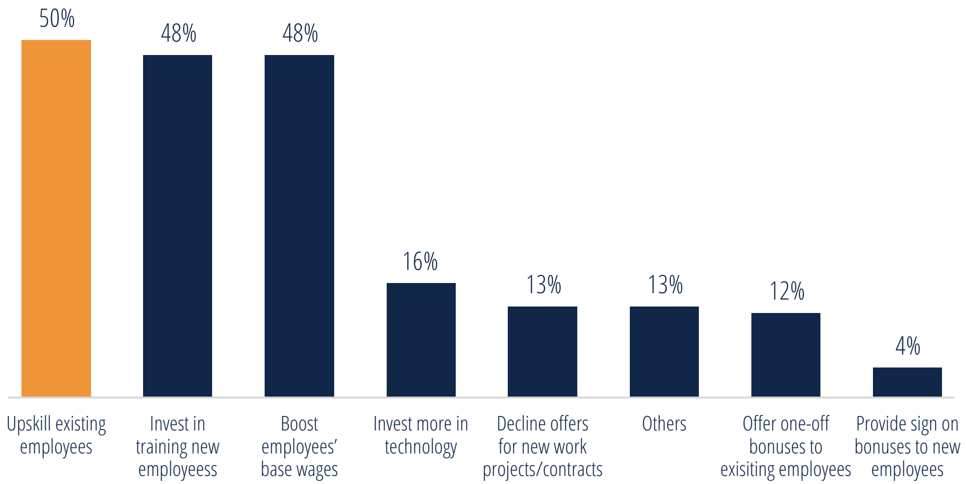
Businesses responded through a mix of workforce development and cost-based measures. Half of respondents (50%) identified upskilling existing employees as an effective strategy to mitigate the impacts of skills shortages, while 48% reported investing in training new employees. A similar proportion (48%) indicated they had boosted base wages to attract and retain staff, underscoring the wage pressures emerging in a tight labour market.

Some of the strategies that businesses reported as being less effective included: investing more in technology (16%), declining new work or contracts due to labour constraints (13%), or offering one-off bonuses to existing staff (12%). Only a small share identified sign-on bonuses (4%) or childcare benefits (1%) as effective responses.

How long on average does it take for your business to fill a vacant role?



How effective have the following strategies been in mitigating the impacts of skills shortages?



Top three occupations in demand by industry

	ONE	TWO	THREE
Agriculture, forestry & fishing	Heavy duty mechanics	Labourers	Technicians
Construction	Electricians	Carpenters	Trade assistants
Education & training	Educators	Early childhood	Information technology
Food & accommodation services	Managers	Chefs	Admin
Health care & social assistance	Support workers	Registered nurses	Specialists
Manufacturing	Welders	Carpenters	Machinists
Professional, scientific & technical services	Design, engineering and science professionals	Accountants	Architects
Real estate services	Property managers	Sales representatives	–
Resources (including mineral resources and oil & gas)	Mechanics	Fitters	Operators
Retail trade	Automotive technicians	Hairdressers	Sales workers
Transport, postal & warehousing	Truck drivers	Automotive technicians	Administration staff
Utilities services	Technicians	Electricians	–

Business Confidence March 2026

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

Labour shortages rose to become the most prominent barrier to business growth, replacing rising costs, with nearly seven in 10 (69%) businesses reporting this.

More than three in five (66%) WA businesses indicated struggling to hire for a particular skillset.

More than four in five (81%) WA businesses reported soaring wages as the biggest cost pressure.

Key results from the survey

Indicator (Index)	Actual			Expected	
Economy	Sep 25	Dec 25	Mar 26	Jun 26	1 year
WA economic conditions	114.2	111.3	113.3	108.4	95.5
Operating conditions					
Employment	104.9	105.0	108.0	103.3	-
Labour costs	117.1	118.1	117.9	112.3	-
Anticipated CAPEX	104.7	100.8	106.6	106.6	-
Profitability	97.2	109.1	99.7	102.0	-
Credit	96.6	86.1	94.9	98.2	-
Production	96.5	86.5	100.9	102.2	-

Sample

Industry	
Construction	24%
Manufacturing	16%
Other services	16%
Retail trade	7%
Resources	6%
Education & training	4%
Health care & social assistance	5%
Professional, scientific & technical	3%
Other	19%

Business size	
Small (1-10 employees)	41%
Medium (11-100 employees)	44%
Large (100+ employees)	15%
Total number of responses	**385**

Chamber of Commerce and Industry WA

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