



June 2026 • CCIWA Survey

Business Confidence

Business Confidence Declines as Rising Costs Bite



Chamber of Commerce
and Industry WA

Business confidence declines for June quarter

Western Australia's economic horizon has grown increasingly uncertain over the June quarter as renewed cost pressures and systemic labour shortages weighed heavily on local businesses. Short-term confidence declined by 10% and now sits at the lowest levels since those reported during the COVID-19 pandemic in 2020. Long-term confidence dropped by 13% this quarter and is now back down to 2023 levels.

Declines in business confidence directly mirror anxieties surrounding the future trajectory of interest rates, persistent workforce shortages and ongoing geopolitical friction abroad, particularly relating to the Middle East Crisis.

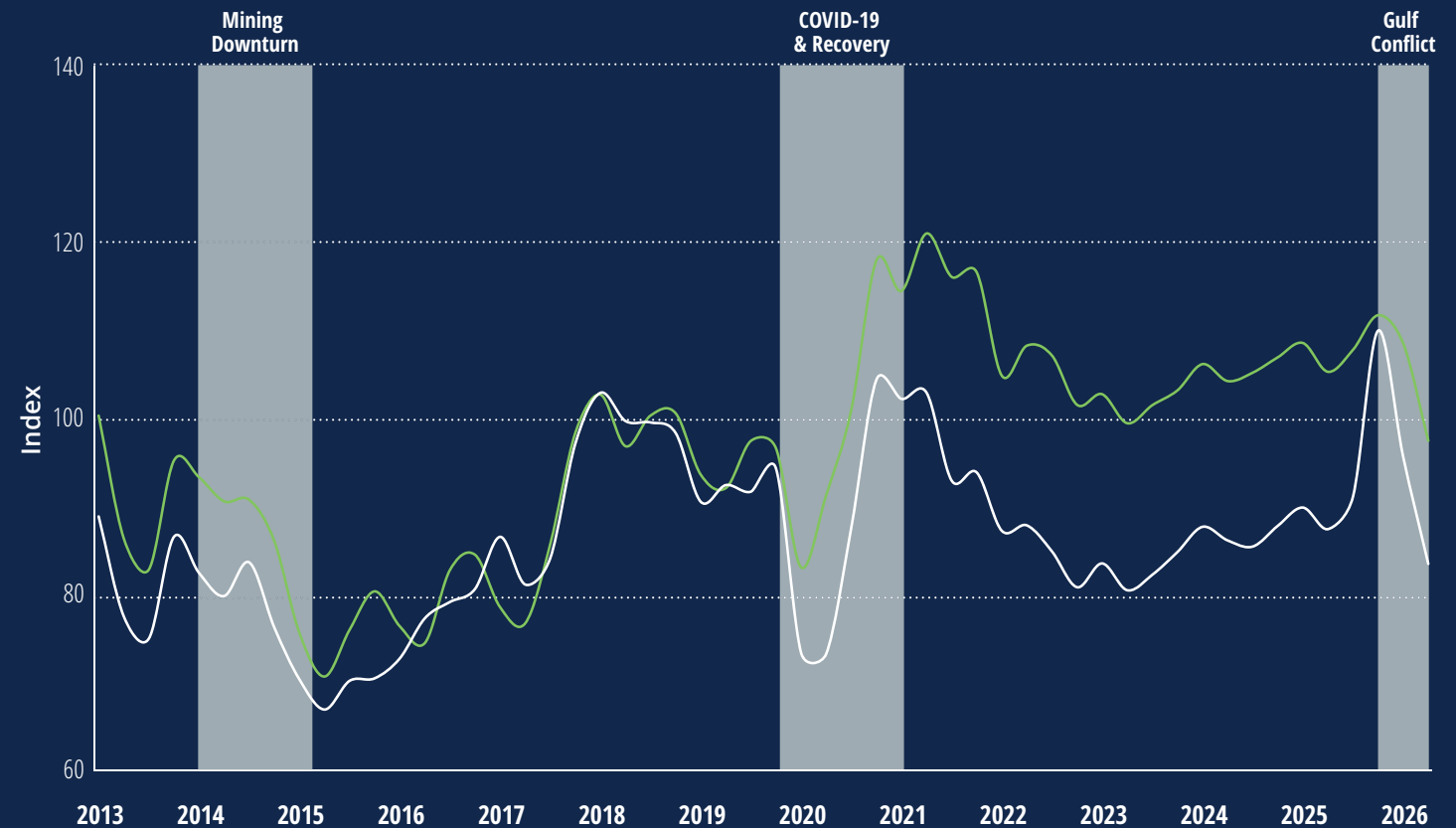
With operating margins facing intense pressure, this edition of CCIWA's *Business Confidence Survey* explores how WA enterprises are actively pivoting to navigate these operational headwinds.

CCIWA Business Confidence Index

Index, Base year = 2018

— Short-term (3 months)

— Longer-term (12 months)



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

Barriers to growth

Rising operating costs have surged past labour shortages to become the most common barrier to business growth over the next 12 months. Eight in 10 (79%) WA enterprises now identify escalating costs as their strongest barrier - a 10-percentage point (ppt) spike since the March 2026 quarter. The impacts of rising costs were felt the most by businesses in the **resources (90%)**, **real estate (89%)** and **retail trade (88%)** sectors.

While costs remain the number one barrier to growth, workforce constraints continue to remain an issue. Three in five (60%) businesses flagged labour shortages as the second-biggest hurdle; a challenge that remains most severe across the **agriculture (73%)**, **construction (66%)** and **healthcare (63%)** industries.

The share of businesses identifying regulatory and compliance requirements as a barrier to growth increased to 48% in the June quarter. This issue was felt most acutely in the **education (85%)**, **real estate (67%)** and **agriculture (64%)** sectors.

Geopolitical shocks have also fractured logistics, which is likely why supply chain disruptions have replaced worker housing shortages as the fourth-largest barrier to growth. The number of businesses reporting supply chains as a barrier surged by 16 ppts, with two

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in five (40%) businesses identifying this. Supply chain disruptions were most common in the **resources (70%)**, **agriculture (64%)** and **manufacturing (55%)** sectors.

Housing shortages for workers was one of the few barriers to improve across the June quarter. The share of businesses hindered by a shortage of worker housing dipped to 23% - an improvement of four ppts on the March quarter. However, this impact is felt more heavily across the regions. Just over one in three (36%) regional employers identified shortages of housing for workers as a barrier to growth - 13 ppts higher than the number of businesses in the metropolitan area.

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, and how they adapted to rising costs during the Middle East conflict. Businesses were also asked about the barriers to attracting, hiring or retaining staff.



Short-Term Business Confidence Index declines 10% over the quarter

Short-term confidence declined by 11.1 index points to 97.4 - the lowest since June 2020. Looking at the coming quarter, just under two in five (38%) WA businesses are expecting weaker economic conditions, up 17 ppts from the previous quarter. A quarter (26%) of businesses are expecting stronger economic conditions, with the remaining (36%) anticipating no change.

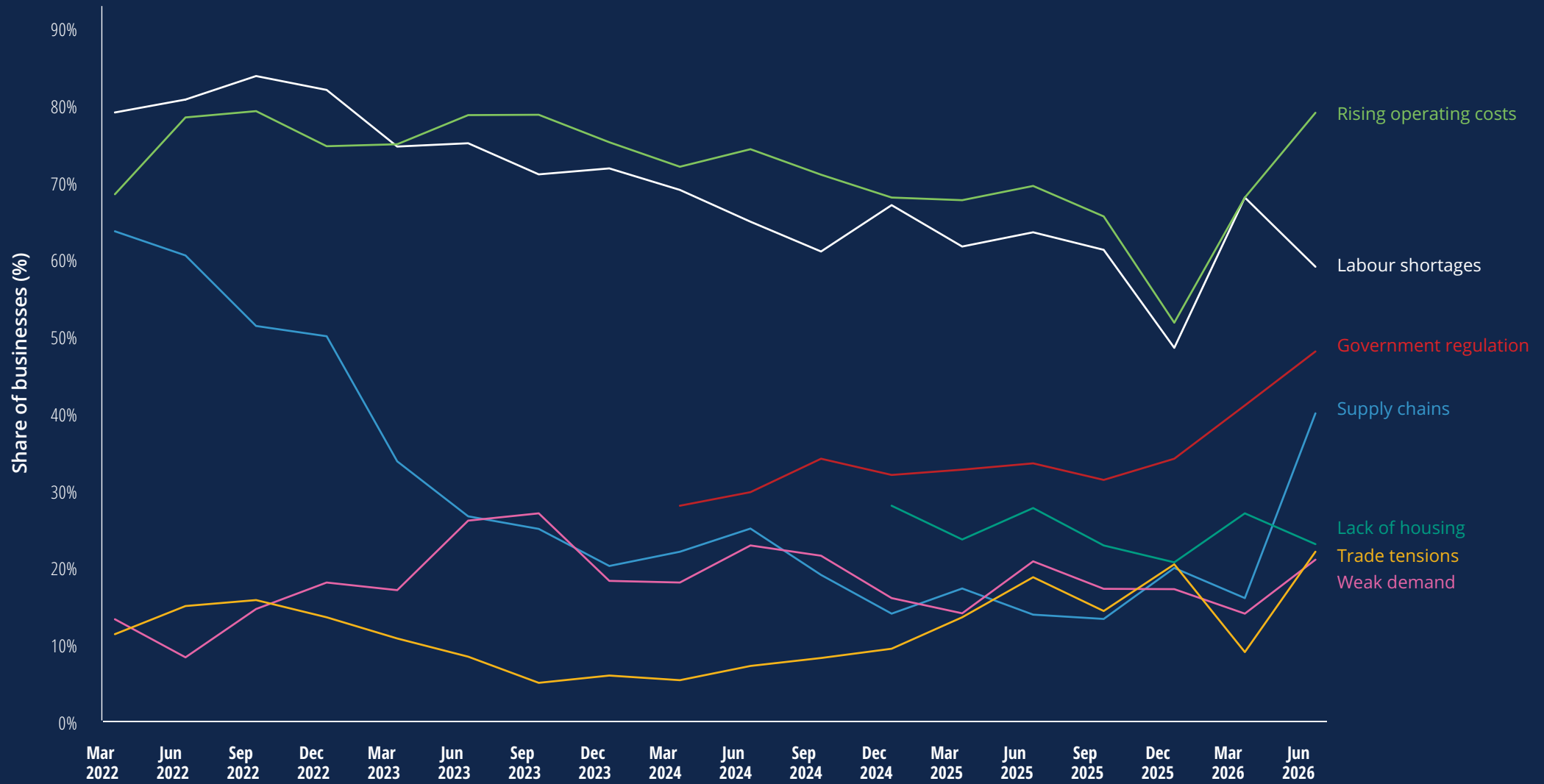


Long-Term Business Confidence Index falls 13% over the quarter

Long-term confidence dropped by 12.2 index points to 83.3 - the lowest since June 2023. Around two in five (44%) WA businesses are expecting economic conditions to decline over the next 12 months - a deterioration of 22 ppts since the March quarter. About one in four are anticipating stronger economic conditions, with the remaining (31%) expecting no change.



Barriers to business growth



Change in short-term business confidence by industry

Businesses in the **resources** sector led short-term confidence this quarter, with two in five (40%) respondents in the sector expecting economic conditions to improve over the next three months. This represented a decline of 27 pts from the previous quarter, as uncertainty around commodity prices and business barriers weighed on confidence.

In the **construction** industry, 35% of respondents expected conditions to improve over the coming quarter. This was a 21 ppt decrease from the previous quarter as persistent issues with labour availability, rising costs and delayed investment from the Middle East appeared to drag on confidence.

The **manufacturing** industry recorded the third highest level of business confidence. Slightly more than one in three (34%) businesses across this sector expected conditions to strengthen – a decline of three pts from the previous quarter.

Conversely, businesses in the **accommodation & food sector** were the most pessimistic, with nearly three in four (73%) businesses expecting conditions to worsen over the next three months. This may partly reflect households stated intention to reduce discretionary spending as they deal with cost-of-living pressures. Businesses in the **retail trade** (54%), **education & training** (46%) and **agriculture** (36%) industries also expected the weak conditions to worsen.

The manufacturing industry recorded the third highest level of business confidence.



Labour shortages and operating costs remain key barriers to business growth

Rising operating costs has surged to replace labour shortages as the largest barrier to business growth over the next 12 months. Almost eight in 10 (79%) WA businesses identified operating costs as the main barrier to growth, an increase of 10 ppts since the March 2026 quarter. Cost pressures were most prevalent in the **resources** (90%), **real estate** (89%), **retail trade** (88%), and **manufacturing** (80%) sectors.

Following rising operating costs, labour shortages continue to persist as the second most reported barrier to growth. Just under three in five (59%) WA businesses identified this, down nine ppts since the March quarter. This barrier was most widespread in the **agriculture, forestry and fishing** (73%), **construction** (66%), **healthcare & social assistance** (63%) and **education and training** (62%) industries.

Government regulatory and compliance requirements still remain the third most common barrier to growth. This was reported by just under half (48%) of respondents – an increase of seven ppts since the previous quarter. Regulatory and

compliance concerns were most prevalent across businesses in the **education and training** (85%), **real estate services** (67%), **agriculture, forestry and fishing** (64%) and **resources** (50%) sectors.

Disrupted supply chains have replaced worker housing shortages as the fourth-largest barrier to growth. Two in five (40%) businesses reported supply chains as a barrier – an increase of 16 ppts. Supply chain disruptions were felt most in the **resources** (70%), **agriculture, forestry and fishing** (64%) and **manufacturing** (55%) sectors.

Shortages of housing for workers was one of the few barriers to improve across the June quarter. Nearly one in four (23%) businesses identified shortages of housing for workers as a barrier to growth – an improvement of four percentage points on the March 2026 quarter. This challenge remained more prominent in regional WA, where more than one in three (36%) businesses reported housing as a barrier to growth – 13 percentage points higher than recorded in metro areas. By industry, those most likely to indicate this concern were in the **real estate** (44%), **healthcare & social assistance** (38%), **retail trade** (29%), and **education and training** (23%) sectors.



Rising operating costs

Identified by **79%** of businesses

Sectors most likely to report as a barrier:

- 90%** Resources
- 89%** Real estate
- 88%** Retail trade
- 80%** Manufacturing



Skill shortages

Identified by **59%** of businesses

Sectors most likely to report as a barrier:

- 73%** Agriculture, forestry and fishing
- 66%** Construction
- 63%** Healthcare & social assistance
- 62%** Education and training



Government regulatory and compliance requirements

Identified by **48%** of businesses

Sectors most likely to report as a barrier:

- 85%** Education and training
- 67%** Real estate services
- 64%** Agriculture, forestry and fishing
- 50%** Resources



Lack of housing for workers

Identified by **27%** of businesses

Sectors most likely to report as a barrier:

- 44%** Real estate
- 38%** Healthcare & social assistance
- 29%** Retail trade
- 23%** Education and training

Impact of the Middle East Crisis on Businesses

The start of the Middle East crisis at the end of February created significant headaches for businesses that were already navigating a high inflationary environment. Beyond the immediate disruption to fuel supplies, the conflict triggered severe shipping delays, choked supply chains and drove up costs. In this edition of CCIWA's *Business Confidence Survey*, businesses were asked about the impact of the Middle East conflict and how they responded to higher costs.

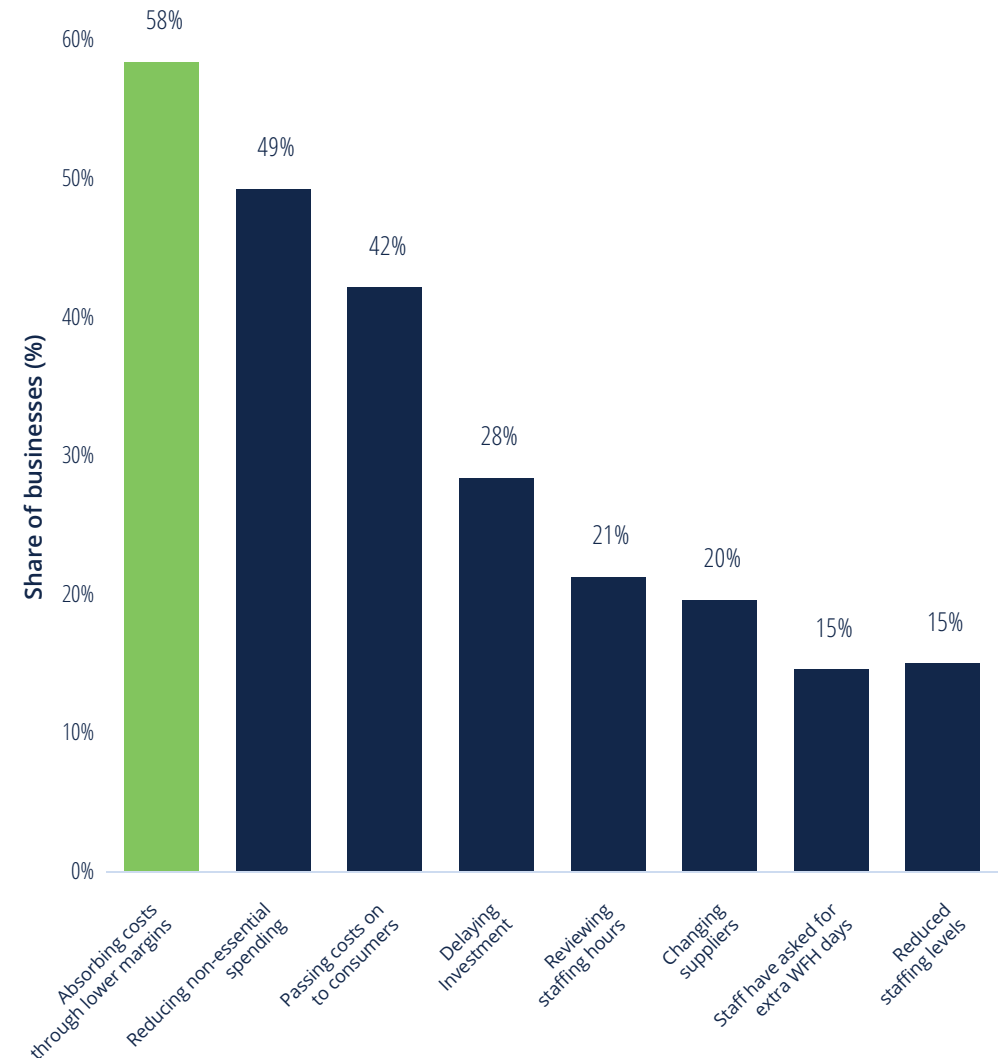
Nearly half of all WA businesses felt the direct impact of the geopolitical shock. Just under half (49%) reported a moderate or large impact on their operations, while 45% experienced minor disruptions. Only a slim 6% navigated the quarter completely unscathed. Soaring fuel costs dealt the heaviest blow, inflicting moderate or significant damage on 65% of businesses. Another 30% felt a slight pinch, leaving a mere 5% entirely unaffected by the pressure at the pump.

Instead of passing these surging expenses directly to consumers, most 58% of businesses chose to absorb the additional cost. Managers offset these losses by cutting non-essential spending, a tactic adopted by 49% of firms.

Not all businesses chose to absorb costs through lower margins. Around two in five (42%) passed costs onto consumers. Additional approaches that were common among businesses include delaying investment (28%), reviewing staffing hours (21%) and changing suppliers (20%). Most businesses made no changes to working-from-home arrangements (81%), reducing staffing hours (76%) nor cutting back on production (76%).

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Effective strategies mitigating the higher costs of doing business



Wages number one cost pressure for WA businesses

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

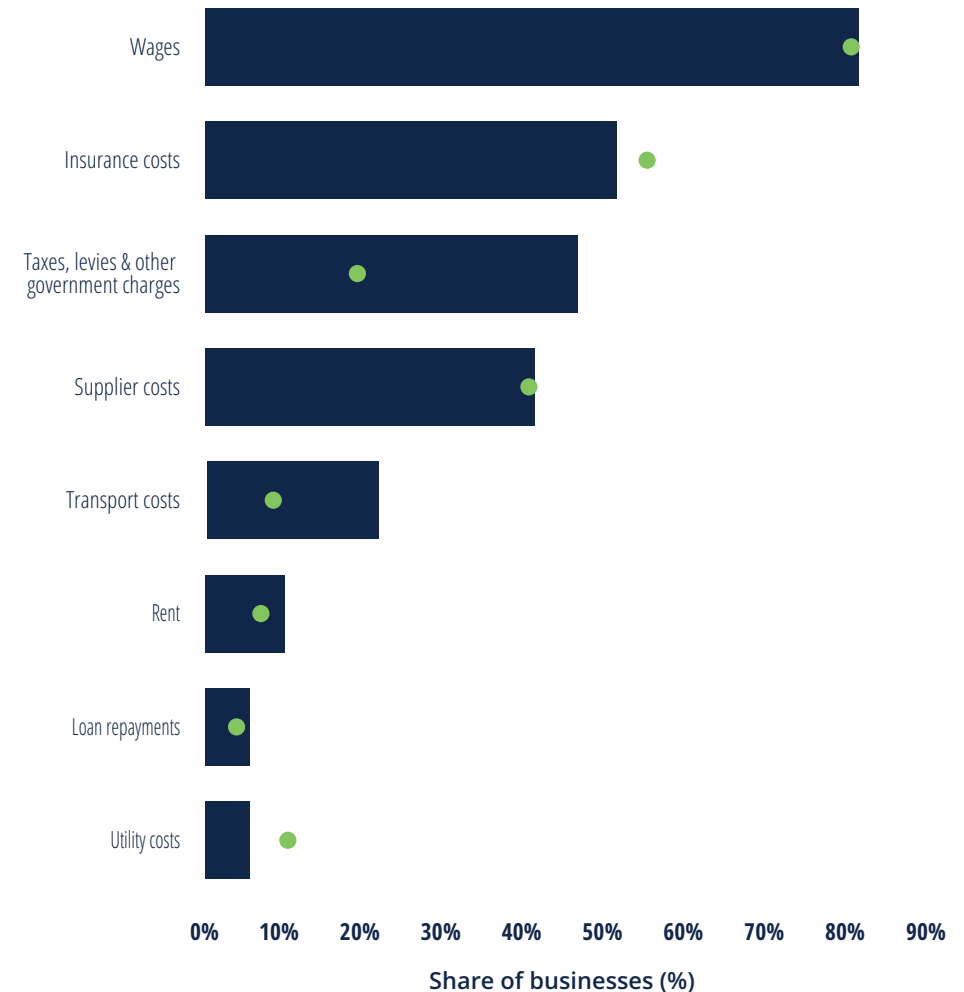
Rising wages remain as the number one business cost pressure after overtaking insurance costs in the previous quarter. Just over four in five businesses (82%) highlighted labour costs as the major cost pressure source – a marginal increase of one percentage point from the March quarter. According to quarterly wage growth data released by the Australian Bureau of Statistics (ABS) in March, WA has the second highest annual wage growth rate of 3.6% – a decline of 0.5 ppts since the previous quarter. While the speed of wage increases slowed slightly, the absolute cost floor remains at historically high levels, putting pressure on margins. Expectations of a cooling economy over the September quarter will continue to ease pressure on labour costs to rise. Businesses in the **resources** (95%), **education & training** (90%) and **manufacturing** (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 around half (51%) of businesses affected. This figure has declined by four ppts. Despite the improvement to the number of businesses impacted by rising premiums, this is still above pre-COVID levels. This was particularly the case for businesses in the **resources** (67%), **financial & insurance services** (67%) and **transport, postal & warehousing** (63%) sectors.

The number of businesses impacted by taxes, levies and other government charges has surged over the June quarter. This was identified by just under half (47%) of businesses, making it the third-largest cost pressure for businesses. This is an increase of 19 ppts since the March quarter, partly reflecting higher payroll-tax liabilities but also noting the category includes other taxes, levies and charges. Businesses operating in the **resources** (56%), **construction** (49%) and **manufacturing** (44%) sectors were most likely to indicate this as a key cost pressure.

Business cost pressures

■ June 2026 ● March 2026



WA businesses are still struggling with labour shortages

WA's labour market has continued to loosen, with the State recording the highest unemployment rate in the nation. Unemployment currently sits at 4.6%, above the national average of 4.4%. Despite the unemployment rate increasing, labour shortages and wage cost pressures are expected to persist for businesses across the State.

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

Respondents were asked if they had struggled to hire for a particular skillset over the June quarter. Close to two

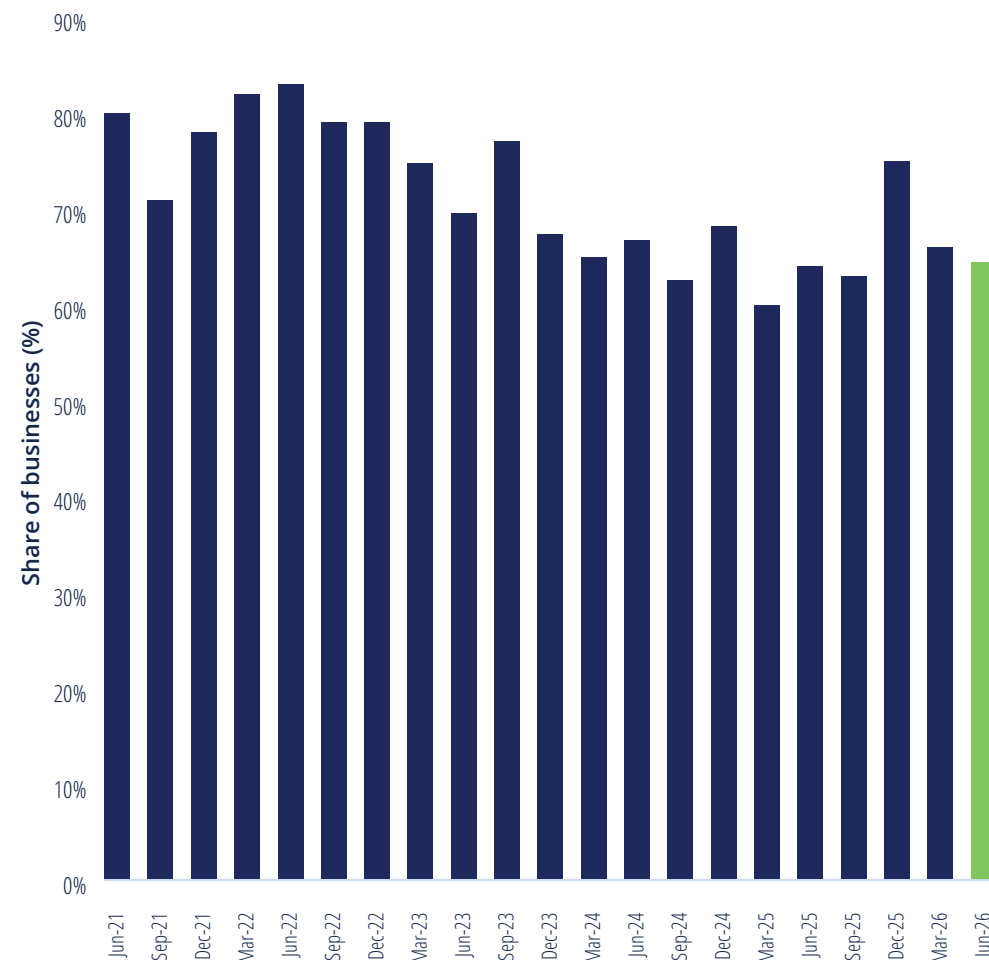
thirds (65%) of WA businesses reported difficulty in filling skilled vacant positions - a decline of three ppts from the March quarter.

By industry, businesses in the **retail** (75%), **construction** (70%) and **manufacturing** (64%) sectors struggled the most to fill skilled vacant positions. At least half of the businesses in the other sectors indicated they had found it hard to fill a position.

Looking at shortages by business size, just over seven in 10 (73%) large businesses (100+ employees) were more likely to struggle to hire for a particular position. A similar response was reported by medium-sized businesses (65%), while 60% of small businesses indicated they had difficulty filling a position.



% of respondents struggling to fill a position in WA



Barriers to attracting, hiring or retaining staff



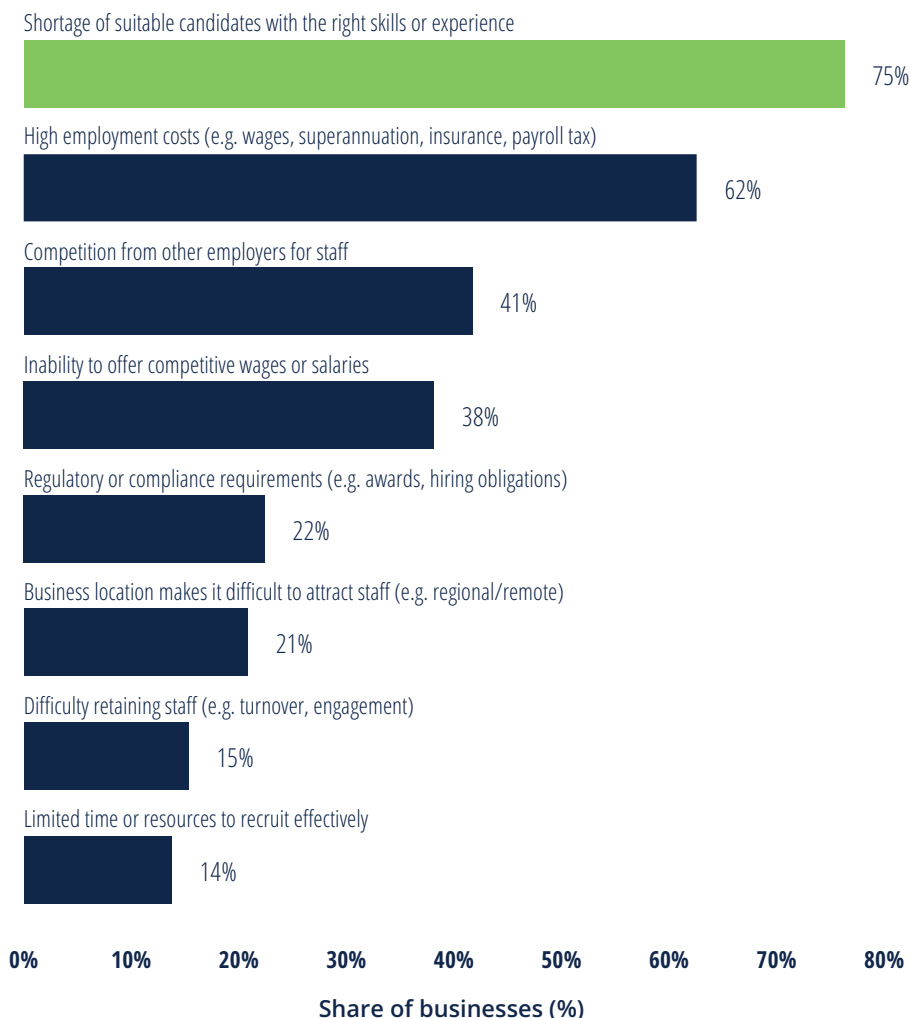
With the number of WA businesses struggling to find skilled workers remaining above pre-COVID levels, the survey explored the primary barriers to attracting, hiring and retaining staff.

The most common barriers faced by businesses are shortage of suitable candidates with the right skills or experience to meet the business' needs. This was reported by three in four businesses (75%).

High employment costs (e.g. wages, superannuation, insurance and payroll tax) ranked as the second-largest barrier, impacting nearly two-thirds (62%) of employers. Competition from other employers for staff was ranked as the third-largest barrier, as identified by two in five businesses (41%).

Other barriers included an inability to offer competitive wages or salaries (38%), regulatory or compliance requirements (e.g. awards, hiring obligations) (22%) and business location made it difficult to attract staff (e.g. regional/remote) (21%).

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	Technicians	Drivers/operators	Admin roles
Resources	Fitters/mechanics	Drivers/installers	Engineers
Construction	Electricians	Carpenters	Plumbers
Education & training	Trainers	Educators	Early childhood
Food & accommodation services	Managers	Chefs	Admin
Health care & social assistance	Registered nurses	Support/counselling staff	Specialists
Manufacturing	Welders	Machinists	Electricians
Professional, scientific & technical services	Technicians	Accountants	Architects
Real estate services	Property managers	Sales representatives	–
Retail trade	Automotive technicians	Hairdressers/barbers	Sales workers
Transport, postal & warehousing	Mechanics	Truck drivers	Office and warehouse staff
Utilities services	Linesperson/cable jointers	Electricians	Drillers

Business Confidence June 2026



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



Rising operating costs **overtook** labour shortages as the primary barrier to business growth, cited by **nearly eight in 10 (79%)** enterprises.



Nearly two-thirds (65%) of WA businesses reported **struggling to fill positions** for specific skillsets.



More than four in five (82%) WA businesses identified **labour costs** as the biggest cost pressure.

Key results from the survey

Indicator (Index)	Previous		Current	Expected	
	Dec 25	Mar 26	Jun 26	1 quarter	1 year
Economy					
WA economic conditions	111.3	113.3	108.3	97.4	83.3
Operating conditions					
Employment	105.0	108.0	72.0	68.2	-
Labour costs	118.1	117.9	79.1	78.3	-
Anticipated CAPEX	102.3	107.1	75.8	72.9	-
Profitability	109.1	99.7	72.8	67.2	-
Credit	86.1	94.9	71.5	73.8	-
Production	86.5	100.9	68.8	65.0	-

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 the 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	15%
Manufacturing	16%
Other services	12%
Retail trade	8%
Resources	4%
Education & training	5%
Health care & social assistance	3%
Professional, scientific & technical	4%
Other	33%

Business size

Small (1-10 employees)	37%
Medium (11-100 employees)	45%
Large (100+ employees)	18%
Total number of responses	299



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