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BUSINESS NSW

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BUSINESSES WANT TO GROW. SKILLS SHORTAGES ARE HOLDING THEM BACK

Three in four NSW businesses still struggle to find the workers they need, despite hiring intentions falling to a record low, according to new Business NSW research.

The *State of Skills 2026* report found half of employers expect skills shortages to cost them customers or commercial opportunities, with some warning their businesses may not survive if conditions persist.

Chronic skills shortages have prompted calls from Business NSW for a $200 million investment in apprenticeships, a comprehensive overhaul of regional, employer-led skills compacts and income concessions for pensioners.

CEO Daniel Hunter said the figures highlight the pressure skills shortages are placing on businesses, particularly in inland regional NSW.

“Behind these numbers are business owners working longer hours, teams carrying heavier workloads and businesses delaying growth because they can’t find the people they need,” he said.

“These challenges cannot be solved by businesses alone. We need a stronger focus on skills development, workforce participation and training pathways that better match industry needs.”

The report, being launched at Business NSW’s Inland NSW Regional Leader Forum in Orange today, found skills shortages are hurting business performance, with 41 per cent of employers delaying expansion plans, 32 per cent losing business to competitors and 27 per cent reducing their range of products or services.

Four in five employers experiencing a skills shortage reported increased workloads for existing staff, while 61 per cent said many business owners were back on the tools to keep operations running.

Mr Hunter said employers are paying more to attract and retain staff, with 71 per cent of businesses experiencing a skills shortage improving pay or conditions over the past year.

"Businesses are lifting wages and improving conditions where they can, but more than half say they're still unable to keep pace with wage expectations."

Mr Hunter said the findings underscore the need for practical reforms to help businesses access, develop and retain the workers they need.

“If we’re serious about tackling workforce shortages, we need action on multiple fronts,” he said.

“That means investing in apprenticeships, traineeships and other work-based learning pathways, supporting older Australians who want to remain in the workforce, and addressing the workforce challenges facing regional NSW.

“Businesses are ready to invest in their people, but they need a skills system that is responsive, practical and aligned with industry needs.”

The report recommends:

- an additional $200 million investment in apprenticeships, traineeships and work-based learning pathways
- a four-year, $10 million Regional Skills Compacts Fund to support employer-led skills compacts across regional NSW, and
- doubling the Work Bonus income concession for pensioners.

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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