

Most business owners continue to be in survival mode

The topic

On 28 May 2026, the Minister of Finance, the Rt Hon Nicola Willis, read this year's Budget. In the lead up, she and other senior National politicians continually made the point that it would be a 'steady as she goes' budget, and not 'lolly scramble'.

However, given the stalemate in the Middle East and the depressed state of the local economy, the pressure on New Zealand businesses continues to mount, with some sectors feeling the brunt in particular. This is despite some economists saying that there is light at the end of the tunnel.

Consequently, we decided to update our State of Business Poll immediately after the Budget, to determine how New Zealand businesses reacted to the detail.

As background, our last poll was completed in March/April 2026. In that Poll, we found that 63% of respondents described the then current economic situation in Aotearoa New Zealand as 'bad' or 'very bad'. This was similar to the percentage recorded in September 2025 (62%), but much higher than the percentages in March (53%) and June (55%) last year.

A record 41% of respondents also stated they had 'hardly ever' felt 'hopeful and optimistic' in the last 2 weeks, or 'not at all'.

The survey

This new online poll was completed between 2 to 18 June 2026 with a sample of n=326 business owners and senior managers.

This sample is nationally representative in terms of business type and business size. Respondents were recontacted by agreement after having participated in previous business surveys. As usual, we asked them questions about:

- The current economic conditions and how these compared with the situation in 2023-2024 and 2024-2025.
- How they saw these conditions changing, if at all, in the immediate future.
- What their plans were for their business (i.e., retrenchment or development).
- Their business expectations for the current year (i.e. sales, revenue, profitability and costs).
- Whether they would be investing in their business, and in which areas they planned to invest.

This poll also included special questioning about the impact of the Budget.

Key findings

The following are the key findings from this poll:

- Four times as many respondents **disagreed** that the Budget would be of some assistance to their business as agreed (42% compared with 10%).
 - A further 42% decided to sit on the fence, neither agreeing nor disagreeing.
- Opinion was **polarised** in terms of the impact of the Budget on the economy in general, with similar percentages agreeing (28%) it would be of assistance as disagreed (30%).
 - A further 36% decided to sit on the fence.
- These results should be considered in the context of the following:
 - 59% viewed the current economic conditions in general as ‘bad’/‘very bad’. This compares with 12% who viewed it as ‘good’/‘very good’. This was particularly the case as far as respondents involved in the Construction industry were concerned.
 - 58% viewed the current economic conditions as worse than they were 12 months previously.
 - 34% said that in the last two weeks they had felt ‘frustrated and worried’ ‘many times’/‘all the time’. In comparison, 35% had felt ‘a sense of hope and optimism’ ‘hardly ever’/‘not at all’.
 - In terms of their immediate plans, 50% of respondents stated their aim was to ‘maintain their business at roughly its current size’. This compares with 34% who stated their aim was to ‘grow/develop their business’ and 15% who said their aim was to make it smaller or close it down.
 - Twice as business owners planned to make no new investment in their business in the remainder of this year as planned to invest (62% compared with 32%). This includes, in particular, additional staff, machinery, vehicles and premises.

Comment

“It is clear from this poll that, for the majority of businesses, the Budget has provided little immediate relief. The conflict in the Middle East continues to put a spanner in the works.”

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With almost two-thirds of respondents describing the current economic situation in Aotearoa New Zealand as ‘bad/very bad’, there has been no change in opinion

1. In this poll, over one-half of respondents **continued** to describe:
 - a. ... the **current economic situation** in Aotearoa New Zealand as ‘bad’ or ‘very bad’ (Figure 1 and Table 1). At 59%, this is statistically similar to the result recorded in April 2026 (63%), September 2025 (62%) and June 2025 (55%). However, the current result is significantly higher than the result recorded in March 2025 (53%).
 - b. Well over one-half also considered the current economic situation to be worse than **12 months ago** (58%). In statistical terms, this is also similar to the result recorded in April 2026 (62%), September 2025 (61%) and June 2025 (56%). However, the current result is significantly higher than the result recorded in March 2025 (51%).
 - c. Well over one-half also considered the current economic situation to be worse than **24 months ago** (67%). In statistical terms, this is significantly higher than the result recorded in April 2026 (58%), September 2025 (46%), June 2025 (46%) and March 2025 (38%).

Figure 1: Percentage agreeing the current economic situation in Aotearoa New Zealand is ‘bad’/‘very bad’ (%)

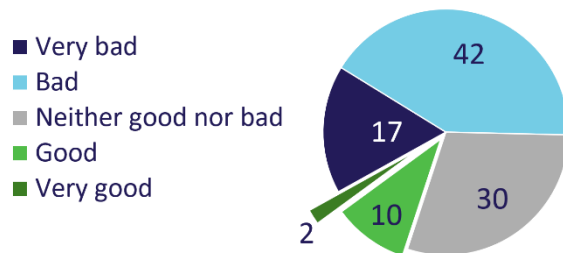


Table 1: Opinions about the current economic situation in New Zealand, and in comparison to 2023/2024 and 2024/2025

	Total March 2025	Total June 2025	Total Sept 2025	Total April 2026	Total June 2026
Unweighted base =	605 %	550 %	422 %	403 %	326 %
Percentage agreeing the current economic situation in Aotearoa New Zealand is <u>bad/very bad</u>	53	55	62	63	59
Percentage agreeing the current economic situation in Aotearoa New Zealand is <u>worse than in 2024/2025</u>	51	56	61	62	58
Percentage agreeing the current economic situation in Aotearoa New Zealand is <u>worse than in 2023/2024</u>	38	43	46	58	67

NB: Table is based on businesses that are currently operating.

Many businesses are projecting significant decreases of 20% or more in demand and, therefore, revenue and profitability

1. Similar to the situation in March, June and September last year, and in April this year, when respondents were asked to describe how they saw the immediate future (i.e., the next 12 months), around one-quarter predicted **decreases** of '20% or more' in their revenue (23%) and profitability (25%), combined with **an increase** of '20% or more' in their costs (27%) (refer to Table 2).
2. Reflecting these results, many also reported **decreases** of '20% or more' in the demand from existing customers (13%) and new customers (15%).

Table 2: Current business expectations for 2025/2026

	Total March 2025	Total June 2025	Total Sept 2025	Total April 2026	Total June 2026
Unweighted base =	605 %	550 %	422 %	403 %	326 %
Percentage predicting a <u>20%+ decrease</u> in profitability	23	22	26	24	25
Percentage predicting a <u>20%+ decrease</u> in revenue	22	23	25	21	23
Percentage predicting a <u>20%+ increase</u> in costs	24	21	25	31	27
Percentage predicting a <u>20%+ decrease</u> in business with existing customers	16	13	18	12	13
Percentage predicting a <u>20%+ decrease</u> in interest from new customers	15	16	14	12	15

NB: Table is based on businesses that are currently operating.

New Zealand’s business owners continue to experience high levels of stress

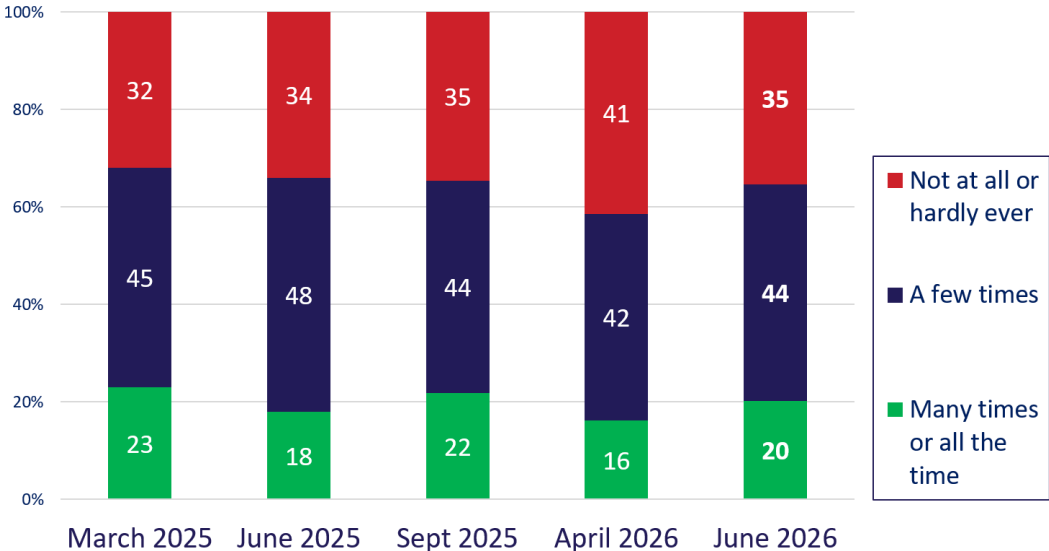
- 1. Given respondents’ opinions about the current economic conditions and their own business’s operating situation, they were asked to comment on how many times, in the last 2 weeks, they had felt:
 - a. ... **‘hopeful and optimistic’**, as well as
 - b. **‘frustrated and worried’**.
- 2. As Figure 2 shows, the percentage of respondents stating they had felt ‘hopeful and optimistic’ ‘many times’/‘all the time’ in the last 2 weeks has remained more or less at the same level for all polls between March 2025 and June 2026. The current result is 20%.
 - a. In comparison, significantly more respondents stated they had felt ‘hopeful and optimistic’ ‘hardly ever’/‘not at all’ in the last 2 weeks (35%). This is significantly lower than the result in March 2026, but similar to the results for the polls before that.
 - b. At around 45%, the percentage of respondents stating they had felt ‘hopeful and optimistic’ ‘a few times’ in the last 2 weeks has been the same in all polls between March 2025 and June 2026.

3. Some examples of how respondents described their optimism are as follows:

“We have a highly diversified range of mainly agribusiness clients who own long-term land-based assets that continue to operate through mixed economic conditions. I.e. better commodity pricing vs. fuel crisis - farmers, orchardists, growers & producers tend to just keep calm and carry-on!” (Professional, Scientific and Technical Services, 20+ staff)

“The Budget should provide some assistance by encouraging investment and supporting confidence, but it is unlikely to fully offset the broader economic pressures currently affecting many businesses. Overall, the measures are a positive step and should contribute modestly to business activity and economic growth over time.” (Construction, 50-99 staff)

Figure 2: How often respondents felt a sense of hope and optimism in the last two weeks (%)



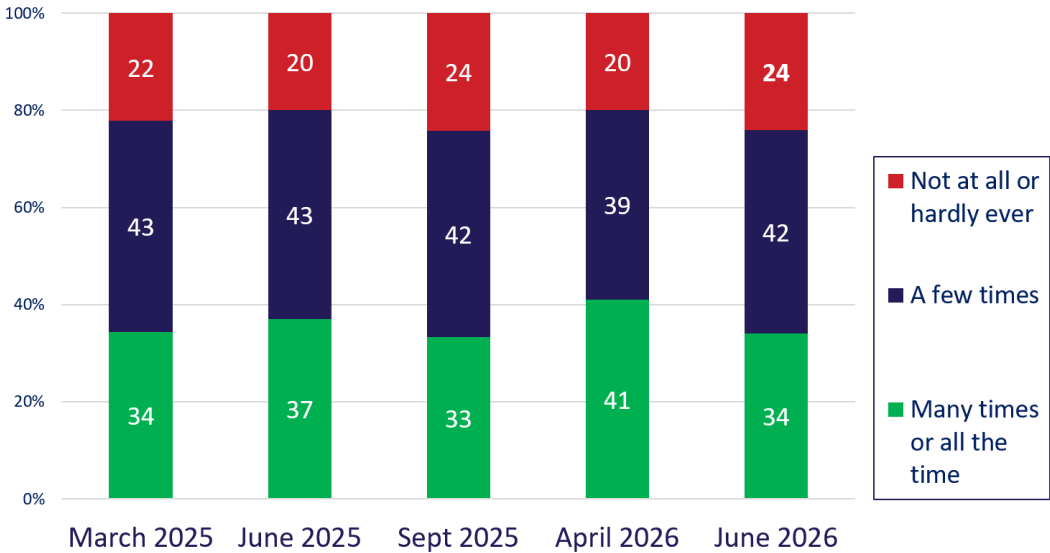
NB: Total may not sum to 100% due to rounding.

- 4. Figure 3 shows the percentage of respondents stating they had felt ‘frustrated and worried’ ‘many times’/’all the time’ in the last 2 weeks in the polls between March 2025 and June 2026. The current result is 34%, which is statistically lower than the result recorded in April 2026 (41%).
- 5. Some examples of how respondents described their pessimism are as follows:

“A lot of our clients are in the visitor industry and are too overly cautious about domestic and international tourism, and so have stopped spending on marketing and advertising!” (Professional, Scientific and Technical Services, 10-19 staff)

“With an ongoing crisis in the Middle East, the full effect of which is unknown, adding more uncertainty to an already uncertain market - having a Budget that makes more people unemployed, increases the cost of tertiary education, imposes a fee on banks that will absolutely be passed on to customers... How does this bring confidence to the market or to consumers? The 'worry', well founded or not, will continue for many if not most NZ households, they will hold off spending on anything other than the necessities. The banks & duopoly supermarkets will continue to thrive, every other business will struggle, cutting prices to attract what little discretionary spending is occurring. More businesses will fail as a result or go further into debt in order to somehow hang on, as there is no viable alternative. Austerity, misery, no confidence, no growth but at least the govt will have balanced the books - in theory - in a couple of years’ time, as long as nothing else untoward happens - ha!” (Retail, 2-5 staff)

Figure 3: How often respondents felt frustrated and worried in the last two weeks (%)



NB: Total may not sum to 100% due to rounding.

Given their opinions about the current economic conditions and their own current operating situation, most business owners are focused on maintaining their status quo

- As was the case in March, June and September 2025, and again in April 2026, most respondents in this poll reported being focused on **maintaining** their business and keeping it roughly the same size (50%) (Table 3).

However, 12% saw themselves **downsizing**, while 3% were planning to **close down** (15% overall).

In comparison, 34% reported being in an **expansion** and development mode.

Table 3: Current business focus

	Total March 2025	Total June 2025	Total Sept 2025	Total April 2026	Total June 2026
Unweighted base =	587* %	528* %	410* %	392* %	319* %
Maintaining the business/staying roughly the same size	52	56	54	52	50
Growing/developing the business	30	28	30	31	34
Becoming smaller/slowing down	14	13	12	14	12
Closing down	3	2	3	2	3
Don't know/would rather not say	1	1	0	1	1
Total	100	100	100	100	100

Total may not sum to 100% due to rounding. *Subsample is based on business owners.

Respondents expressed their plans as follows:

“I'm a farmer and the greatest potential effects on my business will stem from overseas, i.e. fuel & fertiliser prices on the cost side, and international market prices for dairy and meat products on the revenue side.” (Maintaining focus, Agriculture, Sole trader)

“In the long term we will benefit from fiscal discipline and weaning the economy off unnecessary government spending. The alternative would lead to a dangerous inflationary spiral and instability in the business environment.” (Growth focused, Rental, Hiring and Real Estate Services, 10-19 staff)

“We are still able to maintain staffing, and although some product supply disruptions have occurred, we have still maintained retail sales although slightly reduced due to customers holding onto their free money until more stability globally returns.” (Maintaining focus, Retail, 2-5)

“We are in a unique business (medical research). There is no interest in our work in NZ, despite it being world-leading. We have to make our mark internationally through publication and collaborations. We are contemplating partnering with international pharmaceutical/diagnostic

businesses in lieu of seeking internal support.” (Growth focus, Health Care and Social Assistance, 2-5 staff)

Very few businesses have plans to invest in new productive assets

1. Building on respondents' plans for the immediate future and their perceptions of the current economic climate, they were asked to what extent they had plans to invest in the following areas:
 - Additional staff
 - New IT/technology to run their business more efficiently internally (e.g., laptops, accounting software such as Xero).
 - New plant/machinery
 - New vehicles
 - Marketing, promotions and sales.
 - New IT/technology to operate their business more effectively externally (e.g., a website, digital marketing).
2. Overall, around two-thirds of business owners said they were **not** planning any investment in their business in the next 12 months (62% compared with 32% who are planning some type of investment – the remainder 'don't know').
3. Focusing on the 32% who plan to invest, Table 4 (overleaf) shows that investment is most likely to be made in 'marketing, promotions & sales' (19%), 'new IT/technology to help the business run more efficiently internally' (17%) and/or 'new IT/technology to help the business run more efficiently externally' (17%).
4. In contrast, around one in ten business owners stated they would invest in 'new plant and machinery' (14%), 'additional staff' (10%), or vehicles (8%). Only one percent planned to invest in 'new premises' (1%).
5. As one would expect, respondents who were more optimistic and had indicated that they were growth-focused and intended to expand and develop their business, were more likely to state they would be investing in the areas above.

"The Budget will have minimal direct impact on my business, most of my clients will not greatly be impacted. My suppliers are finding trading difficult especially around supply and price increases." The longer the conflict goes pricing structure will eventually have a bigger impact." (Growth focus, Administrative and Support Services, 20-49 staff)

"We are a central Wellington business, and the day after the announcement of the loss of a further 8 thousand jobs here, we had the worst day in all our trading years, and what followed was the worst week. We have entered June where we should be trading well, but that is not the case. I don't know how I'm managing to pay staff and bills, but somehow I am. I am not paying myself though. The Budget was about the worst kind of Budget we could have for the wellbeing of the people of NZ." (Growth focus, Retail, 6-9 staff)

Table 4: Likelihood of investing in new productive assets in the next 12 months

	No investment planned for 2026 %	Unlikely to invest in this area %	Neutral %	Likely to invest in this area %	Don't know %	Total %
Unweighted base = 319						
Marketing, promotions & sales	62	8	3	19	8	100
New IT/digital technology to help the business run more efficiently <u>internally</u>	62	11	4	17	7	100
New IT/digital technology to help the business run more effectively <u>externally</u>	62	11	4	17	7	100
New plant & machinery	62	13	2	14	10	100
Additional staff	62	16	6	10	6	100
New vehicles	62	17	5	8	8	100
New premises	62	26	2	1	9	100

Total may not sum to 100% due to rounding.

*Subsample is based on business owners.

One-in-every-ten respondents believed the Budget would have a positive impact on their business

1. Overall, opinion was **polarised** in terms of the impact of the budget on New Zealand businesses in general.
 - a. Twenty-eight percent agreed it would be of help and assistance to New Zealand businesses while 30% said it would not. A further 36% neither agreed nor disagreed that it would, while 5% did not know.
 - b. However, business owners with a growth focus were significantly more positive - 41% agreed the Budget would assist New Zealand businesses. (Refer to Table 4 below.)
2. However, when asked about the impact on their **own** business, just 10% believed it would be of help and assistance. Four times as many disagreed that it would (42%), while the same percentage (42%) neither agreed nor disagreed. Six percent did not know.
 - a. As one would expect, respondents who were more optimistic and had indicated that they were growth-focused and intended to expand and develop their business, were more likely to agree that the budget would have a positive impact on their business (19%). (Refer to Table 5 overleaf.)

Table 5: Impact of Budget on New Zealand businesses in general

Unweighted base =	Total June 2026 326 %	Growth-oriented businesses 319* %
Strongly disagree	16	13
Disagree	14	12
Neither agree nor disagree	36	29
Agree	24	32
Strongly agree	4	9
Don't know	5	5
Total	100	100

Total may not sum to 100% due to rounding.

*Business owners only.

Table 6: Impact of Budget on respondents' own business

Unweighted base =	Total June 2026 326 %	Growth-oriented businesses 319* %
Strongly disagree	19	14
Disagree	23	19
Neither agree nor disagree	42	42
Agree	9	17
Strongly agree	1	2
Don't know	6	6
Total	100	100

Total may not sum to 100% due to rounding.

*Business owners only.

Method

This survey of 326 business owners and managers was conducted online, from 2 to 18 June 2026. The maximum margin of error is +/- 6.0 percent (at the 95 percent confidence level).

The sample has been weighted by industry and business size (based on the StatsNZ Business Demography 'at February 2024') to ensure the results are representative of the New Zealand business population, based on these demographic criteria.

The survey was not undertaken on behalf of any organisation, but as part of Rangahau Aotearoa Research New Zealand's poll of New Zealanders' opinions about topical issues.

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