

MEDIA RELEASE

Business owners are still doing it tough, and few are optimistic about their immediate future

The topic

On 22 May 2025, Minister for Finance (Nicola Wills) presented the National Coalition Government's first budget.

In her pre-Budget announcement, she announced a reduction in the size of the operating allowance for Budget 2025 from \$2.4bn to \$1.3bn, to "reduce the amount of extra borrowing our country needs to do over the next few years" and "keep us on track towards balanced books and debt reduction." She also said there was room for "modest measures to support business growth and provide some carefully targeted cost of living relief".

A major announcement in the Budget was the introduction of **Investment Boost**, a tax incentive for New Zealand businesses to invest in productive assets like machinery, tools and equipment. This is designed to benefit both businesses and the economy, stimulating investment by making investment opportunities more financially viable.

Immediately following the budget, we decided to repeat our March 2025 poll with our panel of business owners and senior managers.

Whilst the focus of that poll was on the mental strain that business owners were currently under given the then current business/economic conditions, our June poll looked at whether business owners are now any more **optimistic** about the immediate future.

The survey

For this new poll, a sample of almost n=600 business owners and senior managers was interviewed online between 9 and 24 June 2025. This group is nationally representative in terms of business type and business size, and had agreed to be recontacted after participating in previous business surveys.

We asked them questions about:

- The current economic conditions and how these compared with the situation in 2023 and 2024.
- 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).
- Their awareness of 'Investment Boost' and whether this would in any way encourage them to invest in their business.

These questions were asked within the context of how **optimistic or pessimistic** they personally felt.

Key findings

The following are the key findings from this poll:

- When respondents were asked about how **hopeful and optimistic** they had felt in the last 2 weeks, 18% stated they had felt hopeful and optimistic ‘many times’ or ‘all the time’, but at the other extreme, **almost twice as many** (34%) said ‘hardly ever’ or ‘not at all’ (i.e., they were stressed).
 - By way of comparison, in March 2025, the percentage stating they had felt hopeful and optimistic ‘many times’ or ‘all the time’ in the last two weeks was 23%. This is, in statistical terms, significantly higher than the current 18%, which means that **fewer now** are feeling hopeful and optimistic.
 - Not surprisingly, there is a correlation between feeling hopeful and optimistic and feeling frustrated and worried.

Almost one-half of the 18% of respondents who felt hopeful and optimistic ‘many times’ or ‘all the time’ in the last 2 weeks said that, in the same time period, they ‘hardly ever’ or ‘not at all’ felt frustrated and worried (48%).

However, over one-half the 34% of respondents who said they had ‘hardly ever’ or ‘not at all’ felt hopeful and optimistic in the last 2 weeks said that, in the same time period, they had felt frustrated and worried (56%).
- Just over one-half of all respondents (55%) described the current economic situation in Aotearoa New Zealand as **‘bad’ or very bad**. This is slightly more than the percentage in March, but not significantly so.
- When respondents were asked to describe how they saw the immediate future (i.e., the next 12 months), around one-in-every-four predicted **decreases** of ‘20% or more’ in their revenue (23%) and profitability (22%), while around one-in-every-four predicted **an increase** of ‘20% or more’ in their costs (21%).
 - These results are similar to those recorded in March.
- Compared to March, there has been an increase in the percentage of respondents who now say they are focused on simply **maintaining** their business and keeping it roughly the same size (up 4%, to 56%). This compares with 28% of respondents who said they were planning to grow/develop their business.
 - The remainder are planning to make it smaller (13%) or close it down (2%).
- The large majority of respondents (84%) had heard of ‘Investment Boost’, with significantly greater awareness amongst those who reported feeling hopeful and optimistic ‘many times’ or ‘all the time’ in the last 2 weeks (89%) compared to those feeling ‘hardly ever’ or ‘not at all’ (78%).
 - However, **less than one-in-every-ten** respondents said they were ‘very likely’ to invest in new productive assets in the next 12 months (7%), while another 18% said it was ‘likely’; a combined total of 25%. In comparison, 60% reported being ‘unlikely’ or ‘very unlikely’.

- *Very stressed business owners* were the least likely to say they would invest in new productive assets (12%) compared with respondents who were more hopeful and optimistic (49%).

Comment

“This poll was taken immediately following the National Coalition budget, but we need to be mindful that this was also the time when Trump was creating the global tariff wars. Since then, a further area of the world has erupted in war.

These global issues, which will impact Aotearoa New Zealand, add to the uncertainty about the New Zealand economy and the optimism/pessimism of business owners.

Depending on which way you look at the results of this poll, there are many more businesses which are just treading water at present than are helping the economy get out of the doldrums.

Initiatives like Investment Boost may help some, but not the majority.

The government needs to find other ways to stimulate the economy. Some practical suggestions were provided by respondents in the poll and are recorded verbatim in the body of this report.”

Rangahau Aotearoa | Research New Zealand Managing Partner, Emanuel Kalafatelis.

Contact: Emanuel Kalafatelis

Managing Partner

Rangahau Aotearoa Research New Zealand Limited

P O Box 10-617

Wellington 6140

Mobile: 027-500-4401

High-level findings – New Zealand’s business owners and managers are experiencing high levels of stress

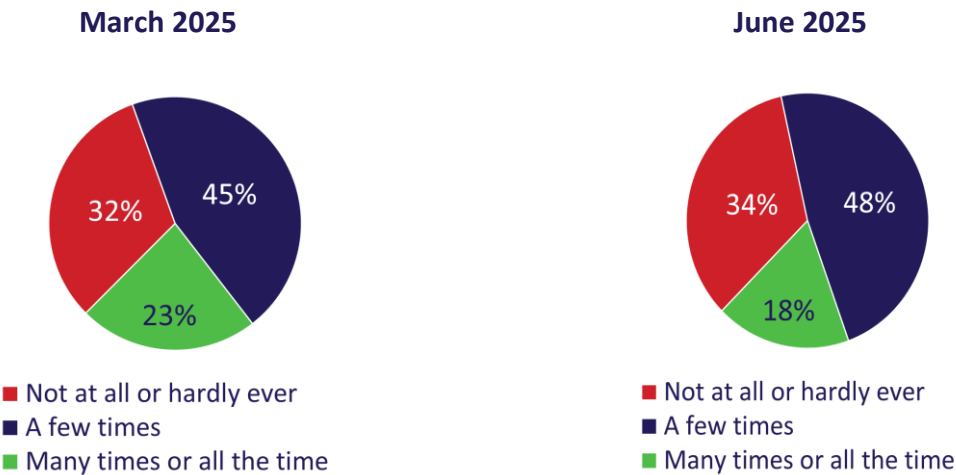
1. Respondents were asked to comment on how many times in the last 2 weeks they had felt ‘hopeful and optimistic’.

Eighteen percent stated they had felt hopeful and optimistic ‘many times’ or ‘all the time’, but almost twice as many (34%) said ‘hardly ever’ or ‘not at all’ (i.e., they were stressed).

Another 48% reported feeling optimistic ‘a few times’ in the last two weeks, so overall we have eight out of ten experiencing some degree of stress (82%) (refer to Figure 1.)

By way of comparison, in March 2025, the percentage stating they had felt hopeful and optimistic ‘many times’ or ‘all the time’ in the last two weeks was 23%. This is, in statistical terms, significantly higher than the current 18%, which means that fewer now are feeling hopeful and optimistic.

Figure 1: How often respondents felt a sense of hope and optimism in the last two weeks



Things are getting tougher, it is very hard to meet tax obligations, this is where I am running into the most difficulty. I am fearful I will need to close. (Other industries, 6 to 9 staff)

There is a pervading sense of gloom that appears to be driven by global geopolitical instability fueled by an unpredictable Trump upending the world order, a growing recognition that NZ’s intractable problems around underfunded health, education, infrastructure can’t be solved without radical changes to both macro and microeconomic settings which can’t occur within a 3-year electoral cycle. (Retail, 20 to 49 staff)

We are choosing to be cheerful and find the laughs otherwise we will go insane! (Manufacturing, 20 to 49 staff)

2. These high levels of stress are being experienced by all types of business owners and managers, **regardless** of their industry or business size.

However, sole traders appear to be the most stressed – Table 1 shows they made up one-third of those interviewed (35%), but almost one-half of them (45%) comprised the group of business owners that said they had ‘hardly ever’ felt hopeful and optimistic, or ‘not at all’ in the last 2 weeks.

In comparison, almost two-thirds of the group of business owners who stated they had felt hopeful and optimistic ‘many times’ or ‘the time’ were small businesses with 2 to 5 staff (63%).

Table 1: Feeling hopeful and optimistic by business size

| | Total | Hardly ever or not at all optimistic (very stressed) | Optimistic a few times | Optimistic many times or all the time |
|--------------------------|--------------|---|---------------------------------------|--|
| Unweighted base = | 550 | 177 | 272 | 101 |
| | % | % | % | % |
| 1 (sole trader) | 35 | 45 | 33 | 22 |
| 2 to 5 | 52 | 45 | 53 | 63 |
| 6 to 9 | 4 | 4 | 5 | 4 |
| 10 to 19 | 3 | 2 | 4 | 4 |
| 20 to 49 | 2 | 3 | 2 | 3 |
| 50 to 99 | 1 | 1 | 1 | 4 |
| 100 or more | 1 | 1 | 2 | 1 |
| Total | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

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

Very difficult to look ahead with much optimism with war in Europe, Middle East, tariffs and difficult political situation in USA, inability of NZ government to get things done vis-à-vis Treaty of Waitangi and all the other distractions of tax waste, social media. Too much distraction from moving forward (Retail, 2 to 5 staff)

Trades have practically stalled. Multiple businesses have dropped from 10+ staff to less than 5. Prospects are ok, but taking too long to getting to do the actual work. (Construction, 2 to 5 staff)

The saying last year was 'Survive to '25', is it now 'Survive 25'? The mood is so negative & depressing for the last two to three years. We thought coming out of COVID things would boom, but no, rapid interest rate rises put a halt to that. Those interest rates are coming down, but so slowly and in the meantime the market / economy / society lacks confidence and the government just feels empty & compromised by coalition restrictions / promises - let's keep ACT & NZ First happy, advancing 'pet projects' or policies that were necessary to form the govt. Where's the optimism, leadership, drive and policies to get NZ moving again - being in business these days seems like the equivalent of walking through mud, or should that be quicksand! (Retail, 2 to 5 staff)

Over one-half of respondents who had felt optimistic and hopeful in the last 2 weeks had not felt frustrated or worried

1. Not surprisingly, there is a correlation between feeling hopeful and optimistic and feeling frustrated and worried (Table 2).

Almost one-half of the 18% of respondents who felt hopeful and optimistic ‘many times’ or ‘all the time’ in the last 2 weeks said that, in the same time period, they ‘hardly ever’ or ‘not at all’ felt worried and frustrated (48%).

However, over one-half the 34% of respondents who said they had ‘hardly ever’ or ‘not at all’ felt hopeful and optimistic in the last 2 weeks said that, in the same time period, they had felt worried and frustrated (56%).

Table 2: Correlation between feeling hopeful and optimistic and feeling worried and frustrated

| Hopeful and optimistic | | | | |
|---------------------------------|---------------|---|------------------------------|---|
| | Total June | Hardly ever or not at all optimistic (very stressed) | Optimistic a few times | Optimistic many times or all the time |
| Unweighted base = | 550 % | 177 % | 272 % | 101 % |
| Worried & frustrated | | | | |
| Hardly ever/Not at all | 20 | 11 | 17 | 48 |
| A few times | 43 | 33 | 52 | 35 |
| Many times/All the time | 37 | 56 | 31 | 17 |
| Total | 100 | 100 | 100 | 100 |

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

Over one half of respondents described the current economic situation in Aotearoa New Zealand as ‘bad/very bad’, especially those who are stressed (i.e., hardly ever or not at all optimistic and hopeful)

1. Just over one-half of all respondents (55%) described the current economic situation in Aotearoa New Zealand as ‘**bad**’ or ‘**very bad**’ (Table 3).
- This is slightly more than the percentage in March, but not significantly so.
2. However, the difference between the current result and the March result for the comparison with the economic situation in 2023 is significant. At 56%, more respondents in this poll felt the current situation was ‘worse’ compared with the 51% recorded in March.
3. Given their feelings, over three-quarters (75%) of *very stressed business owners* described the current economic situation in Aotearoa New Zealand as ‘bad’ or ‘very bad’ and **far worse** in comparison to both 2023 and 2024 (74% and 62% respectively).

Table 3: Opinions about the current economic situation in New Zealand, and in comparison to 2023 and 2024

| | Total March | Total June | Hardly ever or not at all optimistic (very stressed) | Optimistic a few times | Optimistic many times or all the time |
|---|----------------|---------------|---|------------------------------|---|
| Unweighted base = | 605 % | 550 % | 177 % | 272 % | 101 % |
| Percentage agreeing the current economic situation in Aotearoa New Zealand is <u>bad/very bad</u> | 53 | 55 | 75 | 53 | 22 |
| Percentage agreeing the current economic situation in Aotearoa New Zealand is <u>worse than in 2023</u> | 51 | 56 | 74 | 52 | 29 |
| Percentage agreeing the current economic situation in Aotearoa New Zealand is <u>worse than in 2024</u> | 38 | 43 | 62 | 38 | 18 |

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

The last 12 - 18 months have been the hardest trading conditions I have ever experienced since founding the business 26 years ago. Seeing some green shoots but they appear tenuous. (IT, Professionals etc., 100 or more staff)

We hope we will make it, but it looks less likely the worse it gets. (Manufacturing, 50 to 99 staff)

The government need to start supporting business and release infrastructure to projects to stimulate the economy, otherwise there will be no skilled labour left in the country to deliver projects in the future. We are already seeing mass migration to Australia and beyond and it won't stop until the economy improves in NZ. (Construction, 50 to 99 staff)

With about 120 per week leaving Aotearoa, we will soon be empty. The economy of small towns in particular are under duress. We have already had 3 export earning plants close down and in the next couple of weeks a major reduction in staff at Tokoroa, all citing the cost of electricity as a significant cost that has forced their closure. (Other industries, Small business)

What would boost my business is grants or zero interest loans to take on new staff. (Other industries, Sole trader)

Times are very tough, and customers don't have discretionary dollars to spend as much as they used to, and our business is a non-essential business. (Other industries, 2 to 5 staff)

Many very stressed business owners don't see the situation getting any better immediately

1. When business owners were asked to describe how they saw the immediate future (i.e., the next 12 months), around one-in-every-four predicted **decreases** of '20% or more' in their revenue (23%) and profitability (22%), while around one-in-every-four predicted **an increase** of '20% or more' in their costs (refer to Table 4). These results are similar to those recorded in March.
2. In all cases, these are higher for the *very stressed business owners*.

The June results are very similar to those from March.

Table 4: Current business expectations for 2025

| | Total March 605 % | Total June 550 % | Hardly ever or not at all optimistic (very stressed) 177 % | Optimistic a few times 272 % | Optimistic many times or all the time 101 % |
|---|----------------------------|---------------------------|--|--|---|
| Unweighted base = | | | | | |
| Percentage predicting a <u>20%+</u> <u>decrease</u> in profitability | 23 | 22 | 34 | 19 | 7 |
| Percentage predicting a <u>20%+</u> <u>decrease</u> in revenue | 22 | 23 | 35 | 19 | 10 |
| Percentage predicting a <u>20%+</u> <u>increase</u> in costs | 24 | 21 | 30 | 16 | 18 |
| Percentage predicting a <u>20%+</u> <u>decrease</u> in business with existing customers | 16 | 13 | 22 | 12 | 1 |
| Percentage predicting a <u>20%+</u> <u>decrease</u> in interest from new customers | 15 | 16 | 23 | 15 | 5 |

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

We have found that increasingly our profit margin is decreasing. The wholesalers and suppliers are increasing prices, but the recommended retail does not change or increases by less. Also, all our suppliers have increased prices over the past year by more than the GDP. (Retail, 2 to 5 staff)

We are really concerned about the increase in the amount of business locally that is being let out to outside-region contractors who tell us that because they are short on work in their own areas, they are actively 'poaching' work in other areas. Not sure where 'business ethics' has gone too these days! (Construction, 2 to 5 staff)

The costs are outrageous - insurances and rates especially. All shows signs of lack of investment over decades and now we're paying the price. Water and energy to a lesser extent. (IT, Professionals, etc., 2 to 5 staff)

The cost of everything is going up, up, up, from power, fertiliser, contracting, etc. (Agriculture, 2 to 5 staff)

Overall and particularly most very stressed business owners are focused on maintaining their status quo as best as possible

1. Compared to March, there has been an increase in the percentage of business owners who are now focused on **maintaining** their business and keeping it roughly the same size (up 4%, to 56%) (Table 5).

This was significantly higher for *very stressed business owners* (63%). However, 11% saw themselves **downsizing**, while 5% were planning to **close down**.

Interestingly, in contrast, some other *very stressed business owners* reported that they were planning to build and develop their business (20%). However, overall, less than one-in-three of all respondents said this was what they are planning to do (30%).

Table 5: Current business focus

| | Total March 587* % | Total June 528* % | Hardly ever or not at all optimistic (very stressed) 172 % | Optimistic a few times 258 % | Optimistic many times or all the time 98 % |
|--|-----------------------------|----------------------------|---|--|--|
| Unweighted base = | | | | | |
| Maintaining the business/staying roughly the same size | 52 | 56 | 63 | 54 | 46 |
| Growing/developing the business | 30 | 28 | 20 | 27 | 44 |
| Becoming smaller/slowing down | 14 | 13 | 11 | 17 | 8 |
| Closing down | 3 | 2 | 5 | 1 | 1 |
| Don't know/would rather not say | 1 | 1 | 1 | 1 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

*Subsample is based on business owners and senior managers.

*We are trying to maintain the same charge out rates that we have used for some years rather than increasing our charges to cover the increased cost of living and of running the business. This is proving challenging, but we are trying to do our bit to help our customers in this way.
(Construction, 2 to 5 staff)*

Most had heard of Investment Boost, but especially those more optimistic

1. Last month (May), the Coalition Government presented its Budget and one of the 'centrepieces' of that Budget was what it called, 'Investment Boost'.

This is described as, "a **tax incentive for businesses to invest in productive assets** like machinery, tools and equipment. With Investment Boost, businesses can deduct 20 per cent of a new asset's value from that year's taxable income, on top of normal depreciation". Respondents were asked if they were aware of 'Investment Boost'.

Table 6 shows that the large majority (84%) had heard of 'Investment Boost', with significantly greater awareness amongst those who reported feeling hopeful and optimistic 'many times' or 'all the time' in the last 2 weeks (89%) compared to those feeling 'hardly ever' or 'not at all' (78%).

Table 6: Awareness of 'Investment Boost'

| | Total June | Hardly ever or not at all optimistic (very stressed) | Optimistic a few times | Optimistic any times or all the time |
|-------------------|---------------|---|------------------------------|---|
| Unweighted base = | 453* | 141 | 222 | 90 |
| | % | % | % | % |
| Yes | 84 | 78 | 86 | 89 |
| No | 16 | 22 | 14 | 11 |
| Total | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

*Subsample is based on business owners and senior managers who are developing or maintaining their businesses.

2. Overall, **less than one-in-every-ten** of these business owners and managers (who are developing or maintaining their businesses) said they were 'very likely' to invest in new productive assets in the next 12 months (7%), while another 18% said it was 'likely'; a combined total of 25% (Table 7 overleaf). In comparison, 60% reported being 'unlikely' or 'very unlikely'.

Very stressed business owners were the least likely to say they would invest in new productive assets (12%) compared with respondents who were more hopeful and optimistic (49%).

Revenue is such that there is no spare cash flow to upgrade any new equipment. Since the last survey, we are currently holding on for survival of the company. Turnover is now currently to the point that a number of staff have been let go from the company. Further job cuts may be on the line with the possibility of full company closure if there is no public confidence in spending. (Retail, 2 to 5 staff)

Table 7: Likelihood of investing in new productive assets in the next 12 months (i.e., taking advantage of 'Investment Boost')

| | Total June 453* | Hardly ever or not at all optimistic (very stressed) 141 | Optimistic a few times 222 | Optimistic many times or all the time 90 |
|-----------------------------|-----------------------|--|-------------------------------------|---|
| Unweighted base = | % | % | % | % |
| Very unlikely | 34 | 51 | 30 | 13 |
| Unlikely | 26 | 23 | 29 | 20 |
| Neither likely nor unlikely | 15 | 12 | 17 | 16 |
| Likely | 18 | 11 | 17 | 31 |
| Very likely | 7 | 1 | 6 | 18 |
| Don't know | 1 | 1 | 1 | 2 |
| Total | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

*Subsample is based on business owners and senior managers who are developing or maintaining their businesses.

Reasons why likely to invest...

We're optimistic about being able to make some more improvements in the coming year. (IT, Professionals, etc., 10 to 19 staff)

We need new equipment, and the Investment Boost is a good incentive to purchase that now. (Other industries, 2 to 5 staff)

Certain IT systems are reaching end of life - we might have opted to 'sweat' those assets for longer if it were not for the Investment Boost policy. Also, we have deferred investment in some other plant because of cashflow, so we are optimistic that cashflow will be better in the coming 12 months. (Retail, 6 to 9 staff)

We have had a good year so have some extra funds available. It has been a few years with lower profit previous to this, so now a few things need to be upgraded. The Investment Boost will help with this. (Agriculture, 2 to 5)

We will invest in business infrastructure (office fit out in particular) that is expected to be eligible. (Rental, hiring, etc., 100 or more)

New computers/software which are essential tools for our business (which we would need to purchase regardless of any govt incentive). (IT, Professionals, etc., 10 to 19 staff)

We are looking to expand our Pilates studio into a Teacher Training Studio and will require more equipment to do so. (Other industries, 6 to 9 staff)

We are expanding our trucking fleet, purchasing new trucks. (Retail, 100 or more)

Reasons why unlikely to invest...

You have to have the money and optimism to invest in new assets. (Agriculture, 2 to 5 staff)

This new tax deduction is a good policy, just not one I can use now. Getting out of debt is a bigger focus at the moment. (Construction, Sole trader)

We have used all our working capital, and it is well-nigh impossible to add to our (actually fairly small) loan with the bank because our turnover has decreased so significantly in the 2024 year, and a little in 2023, compared with previous years. The trend does not incline our bank to lend at an affordable interest rate, despite us returning profit in 2024, due to stringent control of every expense. (Other industries, 6 to 9 staff)

We are a service business and don't have plant, machinery, etc. We have downsized recently so assets we have in stock are more than enough to replace anything we need to. (IT, Professionals, etc., 50 to 99 staff)

To be able to purchase you either need the cash on hand or the ability to take out a large loan. With turnover down by 50% over the past few months we do not have the cash reserves lying around to spend it on a new truck. The financiers will also not lend to us, with the current turnover and no increase in sight. (Other industries, 2 to 5 staff)

It is not clear what we are entitled to in regard to the Investment Boost. (Manufacturing, 2 to 5 staff)

Method

This survey of 578 business owners and managers was conducted online, between 9-24 June 2025. The maximum margin of error is +/- 4 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.

Rangahau Aotearoa Research New Zealand is an independent, New Zealand-owned research organisation undertaking social and business research.

www.researchnz.com