Thursday, October 22, 2026

MOOD OF THE BOARDROOM

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Who's fit to govern?

150 business chiefs weigh in

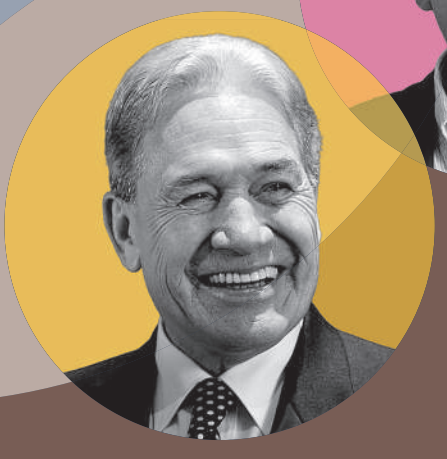
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Photos / Mark Mitchell, Sylvie Whinray

MOOD OF THE BOARDROOM 2026

Optimism returns to the boardroom



Mood of the Boardroom
Tim McCready

New Zealand's top business leaders have rediscovered their optimism about the domestic economy. Confidence has climbed past the nine-year high recorded in 2024.

Respondents to the *Herald*'s 2026 Mood of the Boardroom survey rated their confidence in the New Zealand economy at 3.37/5, on a scale where 1 represents "much less optimistic" than a year ago and 5 represents "much more optimistic". That's a sharp rebound from last year's 2.82/5 and above the 3.23/5 recorded in 2024.

More than half (56%) of respondents are more optimistic than they were a year ago, including 10% who are much more optimistic. Just 22% are less optimistic.

The stronger outlook reflects a recovery that has finally taken hold. It has stayed on course despite the fuel crisis, conflict in the Middle East and a looming election that remains too close to call.

"There are the right fundamental signs for economic growth," says Rheem New Zealand general manager Mark McCutcheon. "2026 so far has been solid, without being spectacular, and a vast improvement on 2024 and 2025."

Port of Auckland chief executive Roger Gray is seeing the recovery in his port's volumes.

"We're seeing strong volumes of imports, reflecting increased demand and economic activity."

Simplicity founder Sam Stubbs says the economy has proven more resilient than many expected.

"If Kiwis had been told 10 years ago that house prices would be down 20% but the economy was still growing, they wouldn't have believed it. But that's exactly what's happening, pointing to better times ahead."

Not everyone is convinced the recovery has fully arrived. "Conditions generally do feel like they are improving, but not yet at a level suggesting sustained growth has arrived," says an energy sector director.

Auckland Business Chamber chief executive Simon Bridges questions whether "okay" is enough.

"The New Zealand economy is okay, but the global economy does concern me.

"On that basis, is just an 'okay' economy good enough? I'd argue we need significant reforms that enable us to perform above the mean, not at it."

A banking executive is more cautious. "New and ongoing global geopolitical events, higher fuel prices, rising interest rates and general election uncertainty have introduced more pessimism than optimism."



Oil prices are the worry and they underpin so much.

Greg Gent, chair of Seafood New Zealand and Dairy Holdings.

The Iran war may have impacted short-term spending and deferred decision making in patches but fundamentally the core needs for the products and services we provide remains.

Justin Mercer, CEO Jade Software

Mood of the Boardroom survey

The *Herald*'s Mood of the Boardroom 2026 Election CEOs Survey attracted participation from 150 respondents.

This year, 130 CEOs, 12 chairs and the heads of 8 business organisations participated.

The represented NZ's biggest companies: agribusiness, banking and finance, manufacturing, aviation and tourism, transport and logistics, education, telecommunications, environmental services, energy, insurance, professional services, and more.

The survey was in the field from September 21-October 16.

Key results from the earlier BusinessNZ election survey are on B41.

A huge thank you to everyone who participated.

Fran O'Sullivan
Executive Editor
Mood of the Boardroom

The election factor

For many, this year's optimism depends on the outcome of the election. "If we have the Government re-elected, I will be much more optimistic," says Plato Creative's John Plato.

The head of an entertainment venue is more direct: "Optimism in the New Zealand economy is subject to there being no change in government in November. A change in government would change my response to 'much less optimistic'."

War, oil and a global drag

CEO optimism about the global economy has slipped further, from 2.63/5 last year to 2.52/5. More than half (56%) of respondents are less optimistic about the global economy than they were a year ago, and just 15% are more optimistic.

Where tariffs dominated last year's concerns, this year it's conflict in the Middle East and its effect on energy markets.

"Oil prices are the worry and they underpin so much," says Greg Gent, chairman of Seafood New Zealand and Dairy Holdings.

"The war in the Middle East continues to be concerning, with no end in sight; and volatility remains with regards to US tariffs," says a government agency leader.

An energy boss warns that "the global energy balance, driven by the situation in the Middle East, could have significant implications for global growth and macroeconomic stability".

New Zealand International Business Forum executive director Felicity Roxburgh says exporters are still finding a way through. "Unprecedented disruption overseas has meant the international trading environment is tough, but our exports are booming due to our great market access through FTAs, and our high-quality premium goods, which consumers are prepared to pay more for. Plus commodity prices are high and the dollar is weak."

Some see an opportunity in global uncertainty. "International uncertainty and volatility is our friend, making New Zealand, as an investment destination, even more attractive. We should exploit it as far as we are able," says an energy CEO.

Non-executive director Fraser Whineray agrees. "The fog lights are on, but we can't afford to stop. When the rest of the world pauses in certain areas, that is the time for pushing forward with New Zealand's comparative advantages and structural reform for the long term."

Company director Rob Campbell provides a measured view: "Optimism is not a business virtue. Neither is pessimism. Realism is."

The big questions

Rated out of 5
1 = Much less optimistic
5 = Much more optimistic

Q Are you more optimistic than you were a year ago about the business situation in your industry?

Score: 3.42

Much less	5%
Slightly less	15%
Same	23%
Slightly more	46%
Much more	11%

Q Are you more optimistic than you were a year ago about the global economy?

Score: 2.52

Much less	9%
Slightly less	47%
Same	29%
Slightly more	14%
Much more	1%

Q Are you more optimistic than you were a year ago about the New Zealand economy?

Score: 3.37

Much less	6%
Slightly less	16%
Same	22%
Slightly more	46%
Much more	10%

Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

Unprecedented disruption overseas has meant the international trading environment is tough, but our exports are booming due to our great market access through FTAs, and our high-quality premium goods, which consumers are prepared to pay more for.

Felicity Roxburgh, NZ International Business Forum executive director



Global uncertainty, climate, geopolitical tensions and economic volatility remain significant challenges. Notwithstanding, I am even more confident than a year ago in our ability to find opportunities within that complexity. We see many opportunities to succeed through embracing the change, investing in technology and talent, and having confidence to take thoughtful risks in pursuit of long-term growth.

Amelia Linzey
Chief Executive
Beca

Mood of the Boardroom

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Mood of the Boardroom presentation

Finance Minister Nicola Willis and her key opponent, Labour's finance spokesperson Barbara Edmonds, will go head-to-head in a widely anticipated debate at a *Herald* CEOs breakfast co-hosted with BusinessNZ.

The debate, which comes as recent polls point to a highly contested political environment where both major parties are under pressure, will be moderated by NZME Editor-in-Chief Murray Kirkness.

The event kicks off at 7.35am when Mood of the Boardroom Executive Editor Fran O'Sullivan presents the results of the 2026 CEOs survey.

It can be viewed at nzherald.co.nz/business and will be replayed later that morning at https://www.nzherald.co.nz/video/herald-now/



Nicola Willis



Barbara Edmonds



Murray Kirkness


Labour Party leader Christopher Hipkins

The next Prime Minister will lead NZ through challenging times

Please rate the main party leaders on their following attributes, out of 5.

Hipkins		Luxon	
Political management skills	3.23	Integrity	3.64
Integrity	2.70	Capacity to ensure firm economic management	3.50
Trustworthiness	2.57	Trustworthiness	3.49
Ability to form a working coalition	2.52	Ability to form a working coalition	3.29
Courage to make the right calls	2.42	Has a vision and strategy for NZ	3.16
Leadership	2.18	Leadership	2.85
Has a vision and strategy for NZ	2.12	Courage to make the right calls	2.85
Ability to unite the country behind a national ambition	2.01	Political management skills	2.31
Capacity to ensure firm economic management	1.86	Ability to unite the country behind a national ambition	2.12

Rating: 1 = Not impressive • 5 = Very impressive


National Party leader Christopher Luxon

Photos: TVNZ. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

FIT TO GOVERN?

Christopher Luxon leads Chris Hipkins on growth, but CEOs see cracks in the Prime Minister's leadership, writes **Fran O'Sullivan**

Business leaders back Christopher Luxon as the Prime Minister best placed to drive economic growth after the election, but their ratings expose vulnerabilities in his political management.

Finance Minister Nicola Willis, meanwhile, edges ahead of Luxon as the leader chief executives trust most to steer New Zealand through another global economic shock.

Luxon has a commanding lead over Hipkins in the boardroom's view over who should lead New Zealand's next phase of economic growth.

But the *Herald*'s 2026 Mood of the Boardroom CEOs survey — which attracted 150 respondents — reveals a more nuanced verdict on the two men's leadership and on the strengths Labour can bring to an election fought against a backdrop of household cost pressures.

Asked which leader had the strongest capacity to drive growth as Prime Minister after the election, 65% of chief executives and company chairs backed Luxon, compared with just 3% for Hipkins. A further 13% favoured someone else, while 19% were unsure.

The result gives National's leader a substantial advantage among business decision-makers.

But the survey's detailed leadership ratings suggest that the contest is not simply a matter of economic credentials versus economic inexperience. Hipkins has strengths of his own, particularly in political management, while the Government faces the challenge of convincing households that its economic programme is delivering tangible improvements in living standards.

The leadership comparison puts Luxon ahead of Hipkins on integrity, trustworthiness, economic management, vision and strategy, and the ability to form a working coalition. Luxon scores 3.6 out of five for integrity, compared with Hipkins' 2.7, and 3.49 for trustworthiness against Hipkins' 2.57.

The biggest gap comes on the capacity to ensure sound economic management, where Luxon scores 3.5 compared with Hipkins' 1.86. On having a vision and strategy for New Zealand, Luxon scores 3.16 against Hipkins' 2.12. And on the ability to form a working coalition, the National leader rates 3.29, ahead of Hipkins on 2.52.

Those results indicate CEOs have greater confidence in Luxon's economic credentials and his ability to lead a coalition government. For a business community concerned with investment, productivity, fiscal discipline and the stability needed to make long-term decisions, those qualities carry considerable weight.

But the picture is not entirely one-sided. Hipkins scores 3.23 for political management skills, comfortably ahead of Luxon's 2.31. On courage to make the right calls, Luxon scores 2.85 against Hipkins' 2.42 — a much narrower gap than the economic management ratings suggest.

Hipkins' relative strength in political management offers Labour a platform to argue that leadership is also about handling competing interests, maintaining public confidence and making government work. A former Prime Minister, he can point to experience in the job, although that also leaves him accountable for Labour's record in government.

The cost-of-living test

The cost of living remains a potent political issue, with households under pressure from essentials including groceries, housing, fuel and electricity.

Labour is arguing economic performance should ultimately be judged by whether families can afford their bills, whether wages keep pace with costs and whether people feel secure enough to plan for the future. It has also challenged National to show that its focus on economic recovery is translating into sustained improvements in household living standards.

That argument carries risks for Hipkins. Labour governed through the inflation surge that preceded the change of government, and CEOs' low rating of his economic-management capacity suggests he has substantial work to do to reassure business.

Luxon faces a different test.

His lead on economic management gives him a clear advantage with business, but it also raises expectations. National must show its policies can deliver stronger productivity, investment and incomes, while addressing the cost pressures that shape voters' daily lives.

> I think Chris Hipkins is more 'likeable' to the public than the PM. I think it's being positive that he has said they won't , if elected, reverse everything this Government has done. Unfortunately, he is part of the Jacinda Ardern Government that many see as taking us backwards economically and were not truthful during Covid. His potential coalition partners scare the Bejesus out of me and many business people.
>
> Company chairperson

The CEO ratings are not a general-election forecast, nor are business leaders a proxy for the electorate. They measure the confidence of a particular group whose decisions influence investment and employment.

But the gap between Luxon and Hipkins on economic management is striking, and Labour will need to address it directly.

Willis edges Luxon on crisis leadership


Nicola Willis

The survey's separate question on which politician (or politicians) CEOs would trust most to manage the economy through another global shock provides a further insight into National's economic leadership.

Willis was nominated by 60% of respondents, narrowly ahead of Luxon on 57%. Act leader and Deputy Prime Minister David Seymour attracted 33%, Labour finance spokesperson Barbara Edmonds 30%, and NZ First leader Winston Peters, a former Treasurer, 15%.

Opportunity leader Qiulae Wong and aspiring NZ First MP Craig Stobo were also among those nominated.

Willis' result is notable because her standing with business has come under pressure. Yet she has attracted strong praise for her leadership of the Government's response to the fuel crisis, suggesting CEOs distinguish between their broader assessment of the Finance Minister and their confidence in her ability to respond when economic conditions deteriorate sharply.

Her narrow lead over Luxon also underscores the importance of the wider economic team. The Prime Minister may be the central figure in the election contest, but business leaders are assessing who can maintain confidence, manage the public finances and respond decisively when international shocks threaten New Zealand's economic stability.

For Labour, Edmonds' 30% nomination provides a measure of recognition, although it remains well below Willis' result. It also puts the spotlight on Labour's ability to offer a finance team that can reassure business while addressing household pressures.

The combined findings present Luxon with both an endorsement and a challenge. CEOs overwhelmingly favour him over Hipkins as the leader best placed to drive growth, and rate him more highly on economic management, integrity and coalition-building.

But they give Hipkins a clear advantage on political management skills, while Willis has the strongest showing on trust to manage another global economic shock.

Can Luxon survive a full second term?

Luxon has survived two leadership challenges, but the 2026 Mood of the Boardroom Survey suggests many business leaders remain unconvinced he can hold the National leadership for a full second term.

Asked whether they were confident Luxon would lead National for three years if the coalition won re-election, CEOs gave him an average rating of just 2.27 out of five.

Six in 10 (60%) rated their confidence at one or two, including 34% who gave him the lowest possible score. Just 16% awarded him four out of five and only 5% gave him full marks.

Luxon called a confidence vote in April as speculation about his future intensified amid poor polling and doubts about his political standing. He survived, but the result failed to silence his critics.

Four months later, he faced a second confidence vote after renewed efforts to find an alternative leader. Luxon again prevailed, identifying Defence Minister Chris Penk as the MP behind the challenge and stripping him of his ministerial portfolios.

The repeated challenges, in the run-up to the November election, have reinforced perceptions that Luxon's position remains vulnerable despite his formal caucus backing.

> I think the PM has done a good job on the whole managing the coalition, although sometimes outflanked by his coalition partners. It's not an easy task and he deserves credit for the job he has done. As we move towards the election, decisions seem to be more driven by political expediency and populism than what he might truly see as being in the country's interests. Unfortunately, because he is not a natural communicator, he hasn't united the country behind him.
>
> Company director

Some business leaders remained firmly supportive. Greg Gent, chair of Dairy Holdings, said Luxon had "courage and a vision", while another described him as "a strong and talented leader and certainly the best person to lead New Zealand for the next three years".

A food and beverage retailer took a more resilient view: "What doesn't kill him only makes him stronger," predicting Luxon would emerge more effective from the challenges.

An agricultural manufacturer suggested an election victory would give Luxon the stability to serve a full term, unless National suffered another significant polling decline.

An investment banker argued that economic recovery would be critical to both the election result and Luxon's political future.

Will he stay?

Christopher Luxon has called two caucus confidence votes in his leadership in the past year.

Q How confident are you that Christopher Luxon would lead National for a full term if re-elected? Rating out of 5.

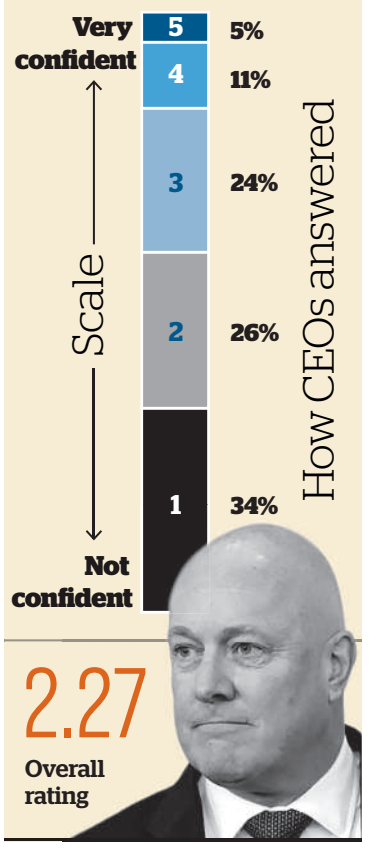


Photo: Mark Mitchell. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic



Bill Bennett analyses the CEO responses regarding the party leaders in election year

Chris against Chris — again

CEOs score Luxon poorly on political performance, while Hipkins needs to convince he is ready to govern

Christopher Luxon heads into the November 7 election having survived two internal confidence votes in four months amid reported caucus discontent — an extraordinary position for an incumbent Prime Minister.

Yet the business community's verdict on his leadership is more nuanced: credit for delivering on the international stage and holding together an uneasy coalition, but a pointed assessment of his political performance and ability to connect with voters.

The 2026 Mood of the Boardroom survey reveals a striking leadership paradox.

Luxon scores highest for promoting New Zealand business internationally, with 4.31 out of five, driven in large part by the landmark New Zealand-India free trade agreement.

As one executive puts it, he has been "exceptionally good on the world stage".

But those strengths have failed to translate into broad political traction. Luxon scores just 2.52 out of five for his overall political performance as Prime Minister.

"The amount of political rhetoric and attack politics has not done Christopher any favours. Nor the interference in New Zealand business structures," says Mainfreight CEO Don Braid.

"It is disappointing and cynical. We thought he would have focused on the key objectives of a National-led Government. Populist policy outside the remit of good Government has disappointed."

His scores are more respectable, if hardly stellar, for leading a cohesive Cabinet (2.66) and building confidence with business (2.86).

Business leaders give Luxon credit for management and coalition survival, but question whether he has mastered the politics of leadership.

His fiscal discipline and public-sector restructuring agenda have been difficult to sell, while critics argue he has ceded too much ground to coalition partners New Zealand First and Act.

The election debates have brought Luxon's communication difficulties into sharp focus.

At the first TVNZ leaders' debate, Luxon insisted New Zealand was "turning the corner", citing economic growth, lower inflation and interest rates, and a stronger outlook for employment.

But Labour leader Chris Hipkins countered with the question that continues to haunt the Prime Minister: are households actually better off than they were three years ago?

The second leaders' debate, hosted by Ryan Bridge, sharpened that dilemma. Luxon acknowledged a weakness in his own communication, saying: "You don't always express yourself clearly or well enough, and sometimes you can do better."

When asked whether he would raise the minimum wage in line with inflation, Luxon replied: "Yes, and that's what we've more or less been doing."

Hipkins immediately challenged the claim, pointing out that minimum-wage increases had fallen below inflation in each of the coalition's three years.

Luxon's ability to keep New Zealand's first three-party coalition together has earned genuine respect.

One respondent says getting the arrangement through a full three-year term "is an achievement in itself". Another says he has done "a very effective job in maintaining cohesion with a three-party coalition and two challenging partners".

But the survey suggests his managerial competence is more apparent inside the Beehive than beyond it.

One executive describes him as "competent and strong managerially within his caucus and within coalition", but says his individual dynamism is "much less visible" to the wider electorate.

Others believe Luxon is better in person than his public image suggests. "Luxon is better in person than most give him credit for," says one respondent, describing him as "outstanding in smaller group settings" and "very good in small business settings".

Another offers a reminder that political charisma is not everything.

"He's not a rock star of popularity — but that's not what the country needs."

"Chris' tenure as PM has been shadowed by the negative movement on prior gains by Māori, including the strength of the place of the Treaty in legislation," says Tainui Group Holdings chair Hinerangi Raumati.

"This has created a significant negative tone for three years."

One business leader offers a more sympathetic assessment of the man behind the political performance: "I think the Prime Minister is a decent human being who cares about New Zealand enormously and is well motivated.

"Unfortunately he is less experienced politically than his coalition partners and they have made life very difficult for him. He is not a good listener or communicator to the public. This makes him come across as less effective to business and the public."

CEOs also rated the Prime Minister at 3.2/5 where 1= less impressive and 5 = most impressive for delivering on the Government's economic plan; managing relationships with coalition partners (3.14/5), setting a bold ambition for New Zealand and selling it (2.96/5), and administration of the National Security and Intelligence portfolio (2.55/5).

2.52/5

How CEOs rated Christopher Luxon's political performance as PM

2.14/5

How CEOs rated Chris Hipkins' performance as Labour Leader

Political veteran Chris Hipkins has spent much of this parliamentary term keeping Labour out of the spotlight, allowing the Coalition Government to dominate the news cycle while he concentrated on maintaining discipline within his own ranks.

But as the November 7 election approaches, the Labour leader is having to do more than hold his party together. He must persuade voters that Labour is ready to govern again — and that he can assemble a credible coalition capable of delivering stable government.

The campaign has given voters glimpses of a more combative Hipkins. At Labour's September launch, he declared that the election was about the cost of living, accusing Christopher Luxon's Government of making household pressures worse. His "Better starts now" slogan promised more affordable healthcare, lower household bills and better jobs.

He has also been more willing to take the fight directly to Luxon. In the October 6 TVNZ leaders' debate, the two clashed over the cost of living, economic management and trustworthiness. A panel of undecided voters favoured Hipkins, with 49% saying he had won their vote against 24% for Luxon. Yet it was hardly a decisive breakthrough, with more than a quarter undecided.

The campaign has also exposed a tension in Hipkins' political style. He has sought to project greater energy and impatience with the Government, but the sharper rhetoric has not necessarily translated into a convincing picture of the team and coalition he would lead.

CEOs rated Chris Hipkins' performance as Labour Leader at 2.14/5. One transport leader gives him credit for the work done behind the scenes. "Hipkins managed to keep his caucus tight and unified while in opposition."

Asked by the Mood of the Boardroom survey whether Hipkins had forged sufficient cross-party relationships to present the Opposition as a cohesive alternative government, just 12% of business leaders said yes. A decisive 67% said no, while 21% were unsure.

That is a sobering verdict for a leader seeking a second chance at the prime ministership. It highlights the difficulty of an election in which support is spread across more parties, and smaller players could again determine who occupies the Beehive.

A utilities chief executive believes Hipkins can assemble a workable administration but questions who would ultimately call the shots. "Chris Hipkins can clearly form a cohesive government. However, it appears as though the minority parties would hold the power."

Hayden Wilson, chairman of Dentons New Zealand, gives Hipkins credit for his political connections, but says the Opposition falls short of looking like a government ready to take office. "He has strong cross-party relations, but I do not think the Opposition presents as a cohesive government-in-waiting at this point."

Others believe political necessity will force the parties together. An infrastructure boss says they will be able to form a government if the numbers require it.

A mining CEO warns that an assumption of eventual co-operation could produce instability rather than effective government. "There is an assumption that the relationships will form themselves for lack of any better option, which results in unpredictable policy that picks fights on the fringe."

For one investment banker, the distinction is fundamental: "He has the relationships but I am very concerned about cohesion."

Another business leader is more damning, questioning both the potential partners and the capability of the team they might bring to government. "He has not one viable party to work with and no convincing evidence that he has built any level of a cohesive government-in-waiting that has any remote level of skill".

Te Pāti Māori adds another layer of complexity. In 2023, it won six of the seven Māori electorates, creating an overhang that enlarged Parliament. Its relationship with Labour is politically sensitive, particularly as Hipkins seeks to appeal to voters who may be wary of the influence smaller parties could exercise in a Labour-led administration.

An energy CEO says Hipkins must navigate the political risks of working with potential partners without appearing beholden to them. "He has struggled with the branding of his likely partners. We can all see the fine line he is walking with the Māori seats, without wanting to be seen to hand TPM the overhang due to their positioning with the public — a difficult job."

The wider campaign has also put the spotlight on Labour's policy choices. Hipkins has emphasised immediate cost-of-living relief, including cheaper access to GPs and public transport, while arguing investment in technology, innovation and skilled jobs is essential to rebuilding the economy. Labour has also had to defend its fiscal credentials against National's attacks on its spending record.

The question for business leaders is whether those promises add up to a coherent economic programme — and whether the people around Hipkins have the experience to implement it.

Hipkins' challenge is therefore twofold: to convince voters that Labour offers a credible alternative to Luxon's Government, and to reassure business that any administration he assembles would be more than a marriage of political convenience.

Education Minister is still top of the class

Erica Stanford wins the nod of approval from CEOs again, writes **Fran O'Sullivan**

Erica Stanford has once again been rated the top performing Cabinet Minister in the Coalition Government's third year in office.

Her prowess as a Cabinet minister, administering both the education and immigration portfolios, was acknowledged by chief executives. Her clarity, ability to drive change in the face of union opposition and stay on message are renowned.

In the 2026 Mood of the Boardroom survey, 56% of respondents rated Stanford's ministerial performance as "very impressive" — marginally above her 2025 rating.

Other Cabinet ministers whose work was rated "very impressive" include Trade Minister Todd McClay (38%) and Police Minister Mark Mitchell (34%). Foreign Affairs Minister Winston Peters' rating slipped — just 13% rated his work as "very impressive". In 2025 it was 23%.

> Erica Stanford has delivered meaningful positive change in education that will benefit the youth of New Zealand and the country if retained.

Stanford did cop a swipe from a tech boss. "She would have rated a 5, if she hadn't been so slow to deny she was implicated in the second attempt to roll Christopher Luxon."

Notably, Chris Penk, who registered 10th place in the 2025 survey, left Parliament after the failed coup against the Prime Minister was exposed.

Luxon sits outside the Cabinet Top 10 again on this year's survey. But Finance Minister Nicola Willis has returned in ninth place.

CEOs also rated the Coalition Government's performance in key economic-related areas since the 2023 election on a 1-5 scale, where 1 = "not impressive" and 5 = "very impressive".

Trade (including the India FTA) topped the list with a score of 4.42/5 with 53% rating it "very impressive". Other areas that rated well include education at 4.1/5 (43% — "very impressive"); law and order (3.94/5), foreign policy (3.82/5) and the response to the fuel crisis (3.82/5).

"I give Prime Minister Luxon and Todd McClay huge credit for getting the NZ-India FTA across the line," said agriculture envoy Nathan Guy, chairman of the Meat Industry Association.

Felicity Roxburgh, who heads the NZ International Business Forum, said: "Winston Peters is right to prioritise a strong diplomatic service.

"As a small country, we can't afford to be absent when decisions affecting us are made. We need diplomats and trade negotiators at the table, protecting our interests."

Roxburgh noted Todd McClay "has brought energy and ambition to New Zealand's trade agenda".

The maintenance of tight fiscal settings — central to Finance Minister Willis' policy agenda — was scored at 3.43/5. "I think the Government has tried very hard to be fiscally prudent," added a company chairperson.

"The changes they have made to the RMA (gone) and Fast-track, plus attracting investment in New Zealand will — if sustained — help address the infrastructure deficit and the housing shortage.

"Erica Stanford has delivered meaningful positive change in education that will benefit the youth of New Zealand and the country if retained. The Government has managed the fuel crisis very well — much better than the Aussies."

Infrastructure Minister Chris Bishop's RMA reforms came in at 3.71/5.

> I give Prime Minister Luxon and Todd McClay huge credit for getting the NZ-India FTA across the line.
> Nathan Guy

"He's done incredibly well to push through much-needed RMA but could have done more to demonstrate a predictable pipeline of transport and infrastructure projects," said a utilities boss.

Execution matters. Policy sequencing attracted some criticism.

"This coalition is starting to make good steps towards New Zealand's energy security but left it too late in this term to achieve any true impact," said a utilities boss. "Cancelling some of the ill-planned infrastructure projects, from the previous government, may have been the right call but it took this coalition too long to replace those projects with something better."

Another chairperson added "I think that they rolled back too much of the previous government policies early on, which meant they had too much to deliver and were spread too thin, working in areas that didn't make a real difference."

Several observed National and Luxon deserved credit for managing a difficult three-party coalition and keeping it functional, but that it should not be confused with outstanding Government performance.

"Coalition structure has been a key constraint to progress. In-fighting and point-scoring have been divisive," said one director.

Other ratings included: infrastructure (3.14/5), consultation with business (3.11/5), regulatory reforms (3.11/5), investment incentives (3.04/5), coalition cohesion (2.99/5), addressing the housing shortage (2.96/5), energy security (2.93/5), regional development (2.9/5); addressing transport constraints (2.84/5), health (2.71/5), tax reform (2.70/5), public sector reform (2.65/5), addressing climate change (2.42/5) and supporting Māori and Pasifika aspirations (2.21/5).

How the Executive fared

CEOs rank Ministers on a 1-5 scale

1. Erica Stanford (Education) 4.38/5
2. Todd McClay (Trade) 4.12/5
3. Mark Mitchell (Police) 4.00/5
4. Chris Bishop (Infrastructure) 3.71/5
5. David Seymour (Regulation) 3.44/5
6. Brooke van Velden (Workplace Relations) 3.40/5
7. Winston Peters (Foreign Affairs) 3.39/5
8. Simeon Brown (Health) 3.34/5
9. Nicola Willis (Finance) 3.17/5
10. Louise Upston (Social Development) 3.10/5
11. Andrew Hoggard (Associate Agriculture) 3.04/5
12. Simon Watts (Climate) 2.94/5
13. Christopher Luxon (Prime Minister) 2.93/5
14. James Meager (South Island) 2.91/5
15=. Nicole McKee (Courts) 2.89/5
15=. Paul Goldsmith (Justice) 2.89/5
17. Shane Jones (Regional Development) 2.88/5
18. Cameron Brewer (Commerce) 2.86/5
19=. Casey Costello (Customs) 2.79/5
19=. Karen Chhour (Children) 2.79/5
19=. Nicola Grigg (Environment) 2.79/5
22. Tama Potaka (Māori Crown Relations) 2.75/5
23. Scott Simpson (ACC) 2.71/5
24=. Mark Patterson (Rural Communities) 2.62/5
24=. Mike Butterick (Land Information) 2.62/5
26. Matt Doocey (Mental Health) 2.58/5
27. Penny Simmonds (Tertiary Education) 2.57/5

Cabinet KPIs

Cabinet Ministers ranked on their performance out of 5.
1 = Not impressive
5 = Very impressive

1 **Erica Stanford** *Education* **4.38**
4.38 in 2025

2 **Todd McClay** *Trade* **4.12**
3.74 in 2025

3 **Mark Mitchell** *Police* **4.00**
3.66 in 2025

4 **Chris Bishop** *Infra-structure* **3.71**
3.80 in 2025

5 **David Seymour** *Regulation* **3.44**
3.16 in 2025

6 **Brooke van Velden** *Workplace Relations* **3.40**
3.25 in 2025

7 **Winston Peters** *Foreign Affairs* **3.39**
3.82 in 2025

8 **Simeon Brown** *Health* **3.34**
3.61 in 2025

9 **Nicola Willis** *Finance* **3.17**
3.09 in 2025

10 **Louise Upston** *Social Develop't* **3.10**
3.11 in 2025

National · Act · New Zealand First

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Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

MOOD OF THE BOARDROOM 2026

Election tops boardroom worries

'Compounding concerns' and political extremism figure among top issues for business writes **Tim McCready**

Each year the Mood of the Boardroom asks CEOs to assess their level of concern about a range of domestic issues. This year, boardroom anxieties have shifted away from electricity and towards politics and the price of fuel.

Election policy uncertainties ranked as the most pressing domestic concern at 7.62/10, on a scale where 1 means "no concern" and 10 means "extremely concerned".

Fuel costs followed at 7.52/10, then cyber attacks (7.22/10), infrastructure constraints (7.08/10) and cost of living pressures (7.07/10).

Institute of Directors chief executive Kirsten Patterson says the concerns can't be viewed in isolation. "It's hard to say any of these are 'not a concern' because they're so interconnected. Cost, capability, confidence, infrastructure and regulation all compound each other. The challenge is to avoid treating them as separate problems when business experiences them all at once."

Cyber security is a growing worry. A logistics boss names staying on top of "the cyber security risk, especially with the addition of AI-related threats" as a business priority, while an investment firm leader wants New Zealand to "join Australia's more extensive cybersecurity arrangements, while building our own over time".



Energy worries shift to fuel

Electricity price increases scored 6.75/10, down from 7.41/10 last year. Security of energy supply fell from 7.26/10 to 6.63/10.

Some respondents say concerns about energy have shifted towards fuel and gas rather than electricity.

"My rating on security of energy supply relates to petroleum-based fuel security," says an energy sector director. "I am a lot less concerned about security of supply in the electricity sector, and indeed overall energy security and total energy costs would improve if we had more energy independence – largely electricity-driven."

Another respondent singles out "gas availability and price".

Policy risk

With the election approaching, many respondents worry about what a change of government could mean for business settings.

"Employment legislation – and the prospect of wholesale changes under a new Government – makes it difficult for business to evolve their internal capability," says EMA chief executive John Fraser-Mackenzie.

A professional director is concerned "about a new Government becoming more interventionist in the economy and increasing debt. That just makes New Zealand less efficient and attractive to do business in."

An insurance CEO points to "extreme political views on tax and the belief that success should not be celebrated. This leads us to mediocrity."

Others cite "sovereign risk" and "poor quality politicians" among their domestic concerns.

An energy CEO warns against derailing what they see as a healthier recovery.

"The economy is experiencing a real recovery rather than an artificial consumer demand-driven one.

"We need to take care not to tip it upside down with ill-thought-out policy settings that punish those in primary industries and energy who are driving the recovery."

Concern about labour productivity remains high at 6.60/10.

"The real issue is productivity, not simply growth," says Arup's New Zealand country leader Mayurie Gunatilaka.

At the other end of the scale, the dairy price slump (4.39/10), emissions reduction policies (4.49/10) and immigration settings (4.78/10) were the least concerning domestic issues for New Zealand executives.

Simplicity founder Sam Stubbs says the concerns should be kept in perspective.

"New Zealand is well placed internationally. Domestic doom and gloom needs to be put into context. It is worse in most other OECD countries," he says.

Mixed fortunes across industries

Despite those concerns, optimism about conditions within executives' own industries has lifted overall. On a scale where 1 means 'much less optimistic' than a year ago and 5 means 'much more optimistic', respondents rated the business situation in their own industry at 3.42/5. This compares to 2.47/5 in the last election year.

Some 57% of respondents are more optimistic than a year ago, including 11% who are much more optimistic. Just 20% are less optimistic.

The biggest turnaround is in energy. Utilities and energy respondents rated their industry at 3.93/5, up from 2.40/5 last year, when they were near the bottom of the table.

Manufacturing, and transport and logistics (both 4.00/5) were the most upbeat sectors, followed by food and beverage (3.75/5), technology (3.71/5) and financial services (3.64/5, up from 3.47/5).

"Hospitality has started to recover, as evidenced by tourist numbers," says a food distribution boss.

China Travel Service's Lisa Li is "generally more optimistic about the tourism and travel industry than I was a year ago. Despite uncertainties around oil prices, exchange rates and the wider global environment, New Zealand's inbound tourism continues to grow in both volume and value."

Last year's leaders have lost ground. Agriculture and agribusiness optimism slipped from 3.80/5 to 3.54/5, while real estate fell further, from 3.80/5 to 3.20/5.

"Political leadership at a local level is not there," says an agribusiness leader. "Far too much populism driving very short-term decision making."

Professional services is now the least optimistic of the major sectors, at 2.85/5, down from 3.47/5 last year.

Entertainment and leisure has recovered from the bottom of last year's table, rising from 2.20/5 to 3.20/5, though challenges remain. One venue chief executive cites "the current constraints of attracting major entertainment content to New Zealand".

Top domestic concerns

Q What impact do you feel the following **domestic** concerns have on business confidence in NZ?

1 = No concern
10 = Extremely concerned

Top 10	
Election policy uncertainties	7.62
Fuel costs	7.52
Cyber attacks	7.22
Infrastructure constraints	7.08
Cost of living pressures	7.07
Electricity price increases	6.75
Inflation	6.66
Security of energy supply	6.63
Labour productivity	6.60
Weak consumer demand	6.35
Economic issues	
Government spending level	6.29
Government debt levels	6.29
Rates increases	5.97
Interest rate hikes	5.94
Resource management/ land use uncertainties	5.46
Exchange rate settings	5.19
Reserve Bank settings	5.03
Corporate tax competitiveness	5.03
Housing unaffordability	4.89
Crime, law and order	4.85
Immigration settings	4.78
Emissions reduction policies	4.49
Business issues	
Cost of capital	5.90
Skills and labour shortages	5.66
Supply chain problems	5.62
Wage increases	5.27
Unemployment levels	5.14
Dairy prices slump	4.39

Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

Australia continues to attract our skilled talent

Tim McCready

Business leaders are increasingly worried about losing skilled New Zealanders across the Tasman.

Asked how concerned they were about the loss of critical skilled personnel to Australia and other overseas markets, respondents to this year's Mood of the Boardroom survey gave an average rating of 3.52 out of 5, where 1 was "not at all concerned" and 5 was "very concerned".

Just over half (52%) rate their concern at 4 or 5, including 21% who say they are very concerned. Just 2% say they aren't concerned at all.

The pull towards Australia has intensified in recent years, driven by higher wages, a larger labour market and strong demand for skills.

Stats NZ figures show 47,500 people departed for Australia in the year to December 2025, while 19,000 moved in the other direction – a net loss of 28,500 people – only slightly down from 31,100 a year earlier.

Under the Trans-Tasman Travel Arrangement, New Zealand citizens can live and work in Australia indefinitely. Since July 2023, New Zealanders who have lived in Australia for four years also have a direct pathway to Australian citizenship.

A recurring concern among chief executives is the loss of young New Zealanders who cannot see enough opportunity at home. "New Zealand needs to be a country where talented people see opportunities," says an engineering CEO. "There are just no jobs for them and they are leaving to find opportunities and potentially won't come back."

Mainfreight Group's managing director, Don Braid, is seeing the trend first-hand: "The number of our younger graduate recruitments moving offshore has increased in the past 12 months."

A state-owned enterprise chief reports the same pattern: "We are seeing an increased loss of youth around 23 to 30 leaving New Zealand with no intention of returning."

A professional services director is particularly concerned about young men. "It seems harder and harder for our young male graduates to secure roles in a really tight labour market," they say.



> The number of our younger graduate recruitments moving offshore has increased in the past 12 months.
>
> Don Braid, Mainfreight

For others, the pressure is concentrated in industries competing directly with Australian employers.

A construction boss points to the "loss of key talent to increased opportunities in Queensland", as the state ramps up infrastructure investment ahead of the 2032 Brisbane Olympics. Their answer is to "get jobs out ASAP and stick to the plan".

A healthcare executive says the country needs to "stop New Zealand doctors and nurses leaving the country" by making it more attractive to stay.

It isn't just frontline skills. "We are a net exporter of leadership talent," says another professional services leader.

Could the tide be turning?

Despite the concern, some think the tide is about to turn. Economist Cameron Bagrie is relatively relaxed. "Australia is headed into a downturn and with that we will see a lot of people come to New Zealand."

A real estate chief says they are already seeing it happen.

"We are seeing many New Zealanders returning and buying or renting here again."

They attribute that partly to recent changes in Australia, saying the property market has cooled and left many people "with less money in their hands".

Whether the migration cycle turns on its own or not, the concern running through many of the responses is that New Zealand cannot rely on returning expats to solve its skills problem. It also has to give talented people – particularly younger New Zealanders – enough reason to stay.

An energy CEO puts it plainly: "We need these skills back for the potential economic boom in front of us."

Fuel shock tops global risk list

Geopolitics to the fore as the war in Iran impacts fuel prices and causes headaches for planning, writes **Tim McCready**

A year ago, tariffs and great-power rivalry dominated boardroom concerns. This year, the fuel crisis and oil prices have taken over.

Asked to rate international risks to business confidence, respondents to this year's Mood of the Boardroom survey put the fuel crisis at the top of the list, with a score of 7.86/10, on a scale where 1 represents "no concern" and 10 represents "extremely concerned".

"While New Zealand has a large moat around it, we remain highly exposed to global events and movements in global markets," says a banking executive. Linked to this, oil prices followed at 7.59/10, up sharply from 6.45/10 last year.

Geopolitical volatility, last year's top concern, now ranks third. Its score has slipped slightly, from 7.28/10 to 7.23/10, and it has been overtaken by the energy shock stemming from conflict in the Middle East.

For some, the conflicts have made planning almost impossible. "The wars in Iran and Ukraine make forecasting very difficult," says one chief executive.

"Geopolitical risk has gone backwards since the last survey," says one investment firm director.

Institute of Directors chief executive Kirsten Patterson says the shift is showing up in the boardroom. "Cyber security has been the global issue keeping directors awake for years, but geopolitics has now overtaken it."

Tariffs fade, protectionism remains

Company chairperson Sarah Ottrey says "real wars, soaring energy costs, trade wars and trade posturing" are "negatively impacting rules-based systems and have undone decades of good work on multilateralism, and we cannot assume that these systems will return to the previous.

"Increasing tariffs and non-tariff barriers bring additional cost into key sectors like food production at a time when food security around the world is a rumbling volcano."

US tariffs have slipped from third place last year (6.95/10) to eighth (6.49/10). Political tensions between the US and China, rated 6.99/10 last year, have fallen to 6.39/10. But concern about the broader retreat from open trade remains high. Protectionism is rated 6.97/10, while rising nationalism has eased only slightly, from 6.54/10 last year to 6.41/10.

"Increased tariffs and protectionism are a concern for a small trading nation at the bottom of the world," says a professional director.

Synlait acting CEO Leon Fung names the "global trend of nationalism, protectionism and geopolitical tensions" among the top issues facing the nation.

Another respondent is blunt: "The dead hand of 'America first' is a blight on all our houses."

New Zealand International Business Forum's Felicity Roxburgh warns: "Conflict in our own region would be severely damaging for exporters and our access to global supply chains."

Supply chain issues have risen to 6.36/10, from 5.75/10, while rising freight costs have climbed to 6.37/10, from 5.68/10, as higher energy prices feed through the system.

Foodstuffs North Island chief executive Chris Quin says those pressures flow straight through to shoppers. "New Zealand relies heavily on international food supply chains, so what happens to the exchange rate, as well as international supply and shipping costs, ultimately flows through to what New Zealanders pay for many products."

Concern about access to foreign direct investment has also crept up, from 5.34/10 to 5.61/10.

One professional services CEO says the shift is already visible: "Our global parent had been very enthusiastic about New Zealand, but now the appetite is very limited."

An agritech investment leader says: "There is so much geopolitical and market uncertainty it is challenging to take risk given uncertainty. It needs a higher risk appetite than usual."

Some global risks recede

Some risks have eased. Rising United States national debt fell from 6.21/10 to 5.27/10. Major weather events dropped from 6.18/10 to 5.47/10, and the Russia-Ukraine war from 5.92/10 to 5.26/10.

Arup's New Zealand country leader Mayurie Gunatilaka argues that our best defence is at home. "New Zealand needs stronger economic resilience: diversified export markets, reliable energy, efficient infrastructure, sound fiscal settings and stable policy that gives business confidence to invest despite a volatile global environment."

Simplicity founder Sam Stubbs sees constant vigilance as part of the job. "If as a leader you aren't permanently a little concerned about the state of the world, you aren't doing your job."

Deloitte chief executive Mike Horne calls for "a more active up and outwards approach to the world. We are an island nation, but can't be an island as to how we approach the global economy, technology and connectedness."

Ottrey sees an upside. "Negative global impacts highlight the competitive advantage that is Aotearoa New Zealand – a stunning, safe destination for travel and the world-class producer of high-quality, trusted protein and other food."

Top international risks

Q What impact do you feel the following **international** risks have on business confidence in NZ today?

1 = No concern
10 = Extremely concerned

Fuel crisis	7.86
Oil Prices	7.59
Geopolitical volatility	7.23
Cyber attacks	7.19
Protectionism	6.97
Global recession	6.95
AI - major disruption	6.91
US tariffs	6.49
Rising nationalism	6.41
US-China tensions	6.39
Rising freight costs	6.37
Supply chain issues	6.36
Chinese economic slowdown	5.63
Unfavourable currency realignments	5.62
Access to foreign direct investment	5.61
Major weather events	5.47
Availability of well-priced insurance	5.47
Natural disasters	5.38
US debt levels	5.27
Sharp fall in asset prices	5.27
Russia-Ukraine war	5.26
Climate change imperative	4.99
Food security	4.5

Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

> The dead hand of 'America first' is a blight on all our houses.
>
> Survey respondent



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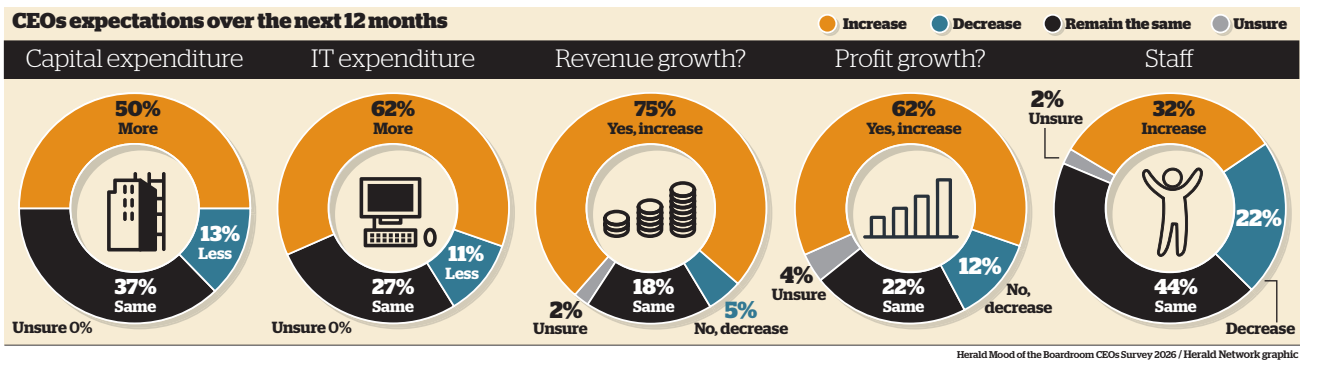
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MOOD OF THE BOARDROOM 2026

Corporate NZ is ready to spend again



Mood of the Boardroom
Duncan Bridgeman



Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

New Zealand chief executives are preparing for growth by increasing investment, particularly in technology and capital projects. However, they remain unconvinced that stronger revenues will necessarily translate into higher profits, reflecting lingering concerns about costs, consumer demand and the uneven nature of the recovery.

According to the *Herald*'s Mood of the Boardroom survey, 75% of CEOs expect their businesses to record revenue growth in the coming year, up from 73% this time last year, and a big lift on the 55% reported in October 2023 — at the time of the last general election. Just 5% are expecting less revenue growth in their businesses in the year ahead.

Despite this, the survey shows company profit expectations have stayed still, with 62% forecasting increased profits over the next 12 months, compared to 61% this time last year and 44% in October 2023.

Hiring intentions remain subdued. Just 32% of respondents plan to increase staff numbers, while 22% expect a decrease and 44% expect to keep the status quo. This time last year 31% said they planned to increase staff numbers, 34% expected a decrease and 34% expected to stay the same. It is a meaningful improvement on the 2023 election year, when only 25% of respondents said they intended hiring more staff.

The standout finding is businesses appear willing to spend again. There has been an upward shift among chief executives when it comes to capital expenditure. Half of those surveyed (50%) said they were planning to invest more, up from 43% this time last year. Just 13% said they expected to cut back on capital expenditure, compared to 21% last year, with 37% expecting to spend the same — up slightly on the 34% reported last year. IT spending intentions are increasingly buoyant, with 62% expecting to increase investment, compared to 59% last year and 46% in 2023.

The results reflect a somewhat fragile and uneven economic recovery, which NZIER said was highlighted by improving business confidence yet weak household demand, profitability and underlying activity. Exports and construction are providing some support, but inflation and the risk of renewed oil price increases leave the next Government facing tight fiscal and economic policy trade-offs, NZIER said in its Insight report.

Longer term, NZIER says stronger productivity will require greater business investment, wider adoption of technology and carefully targeted infrastructure spending.

The export sector has been boosted by strong dairy price payouts and Fonterra's capital return to farmer suppliers. Fonterra's cash return almost topped $20b this year when the payout, dividend and return from its consumer brands sale were tallied.

Across the wider corporate scene, New Zealand listed companies delivered a surprisingly strong August 2026 reporting season.

Earnings growth outperformed expectations while corporate outlooks were noticeably more positive despite lingering concerns about high fuel costs and a pre-election slowdown.

Following its analysis of the results, Forsyth Barr determined that a patchy economic recovery appeared to be gaining traction, even if companies remained cautious about the pace of improvement.

Among 31 companies that reported in August and September, 15 beat earnings expectations, seven met expectations and nine missed. Median normalised earnings per share (EPS) growth was 21%, well ahead of the 15.6% forecast, marking the second consecutive major reporting season, in which earnings growth was both double-digit and above expectations.

Even excluding the electricity generators, which benefited from exceptionally strong conditions, EPS growth still came in at a healthy 12% compared with an 8% forecast, Forsyth Barr noted in its report.

The broking firm described the season as "particularly healthy" and noted it was the second consecutive reporting period in which beats outnumbered misses across the main earnings measures.

The strongest signal for the year ahead was management commentary. Forsyth Barr found 13 companies delivered more positive outlook statements, compared with only five that became more negative.

Outlook upgrades were the single biggest contributor to its reporting season scorecard and represented a significant improvement from the May reporting period.

The broker said this improvement "bodes well for the (somewhat uneven) economic recovery" and reflects a more optimistic tone than was evident three months earlier.

Companies with the most improved outlooks included Contact Energy, Channel Infrastructure, Mercury, Summerset, Freightways, Heartland, Scales, Skellerup, Sky TV, Spark, Vector, Vista Group and Vulcan.

Forsyth Barr recorded 12 upgrades to FY27 dividend forecasts against only four downgrades, describing the dividend trend as "a reasonable signal of economic recovery optimism".

Like the Mood of the Boardroom survey, the outlook was not universally positive. Forsyth Barr highlighted higher fuel costs, weak housing activity, a 5.6% unemployment rate and ongoing macroeconomic uncertainty as key risks.

Companies with notably weaker outlooks included Air New Zealand, Steel & Tube, and the a2 Milk Company.

However, in general, the positives outweighed the negatives.

"Despite a seemingly fragile domestic backdrop, elevated fuel costs, and the inevitable pre-election slowdown, outlook commentary appears more positively skewed than three months ago," Forsyth Barr said.

● *Duncan Bridgeman is NZME Managing Editor — Business*

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‘A four-way coalition is next-level complexity’

Lobby group BusinessNZ produced an extensive wishlist for the next Government well before the election, writes **Graham Skellern**

BusinessNZ chief executive Katherine Rich is “cautiously optimistic” that 2027 will be a better year for the economy and business performance.

“I sense there is an increase in business confidence with growth figures starting to be positive. It’s early days but at least we are heading in the right direction.

“It’s clear that households are being cautious . . . until there is a major boost to consumer confidence to get people spending more.

“Surveys are still reporting that households are feeling financially worse off, and that’s the reason the election is being fought on the cost of living.”

But what Rich, a former National Party List MP, is feeling nervous about is the outcome of the election.

“The three-way coalition has worked well. There’s been some robust discussions and debates, and that’s the way it should be.

“MMP has come of age.

“But going from three to a four-way coalition is a next-level complexity. That would be fascinating.

“The Opportunity Party leader [Qiulae Wong] has performed well but there hasn’t been much scrutiny of the six or seven MPs she could bring with her into Parliament.”

Rich says the present coalition has been a reforming government and the policy changes need time to bed in. Business wants policy certainty.

“Business wants durable, predictable settings to encourage investment. The last thing it wants is for the next Government, whatever the make-up, to undo what has been done in the last three years — that would be a disaster.”

She says the flip-flops in policymaking don’t work in New Zealand. The reform of the Resource Management Act and in education, foreign direct investment and employment law have all been through a proper process.

“Some of the changes are not instant fixes and some are starting to be felt, and they shouldn’t be undone. We are seeking a bipartisan approach on major reforms, such as what’s been happening with the infrastructure discussion.”

BusinessNZ produced a manifesto intended as a practical resource for the next Government and members of the 55th Parliament. Here’s a snapshot of the policy demands:



The three-way coalition has worked well. There’s been some robust discussions and debates, and that’s the way it should be. MMP has come of age.

Katherine Rich, BusinessNZ chief executive

- Remove the statutory obligation to conclude a collective agreement, keeping bargaining voluntary, and allow employers to opt out of multi-employer collective bargaining where it does not suit their operations.
- Reduce the corporate tax rate and lower barriers to investment — New Zealand’s corporate tax rate sits above the OECD average of 24.1%, and a staged reduction from 28%, alongside continued Overseas Investment Act reform, will strengthen New Zealand’s ability to attract and retain capital.
- Fiscal drag is pushing workers into higher tax bands without any deliberate policy choice. Index thresholds to CPI or wage growth to prevent bracket creep.
- Increase the Research and Development Tax Incentive rate to at least 25% — the current 15% rate is internationally uncompetitive, making New Zealand a relatively unattractive location for R&D activities compared with the likes of Australia, Ireland and Singapore.
- Education: Stay the course on curriculum and qualification reforms, including the Foundational Skills Award and new upper-secondary certificates. Foundational literacy and numeracy have declined, and too many learners leave school without work-ready skills. Qualifications and vocational pathways are not consistently aligned with employer needs.
- Increase the rate of Apprenticeship Boost for first-year school leavers coming through vocational pathways to support transitions into work.
- Retain Skilled Migrant Category reforms, new residency pathways, seasonal visas, and Active Investor Plus settings. Businesses face delays and uncertainty due to slow processing by Immigration New Zealand.
- Export and International Trade: Reaffirm New Zealand’s leadership in the rules-based trading system and push back against protectionism, and accelerate high-quality trade agreements and economic partnerships that deliver real market access gains and create greater choice and resilience for all New Zealand exporters, including the Māori economy.
- Energy: Develop a forward-looking national development map and long-term network blueprint to better co-ordinate transmission, distribution, generation and major demand planning.
- Update electricity security standards to reflect current and expected renewable generation, hydro behaviour, demand growth, gas availability, thermal plant availability, storage and demand-side flexibility.
- There are ongoing concerns with increasing and cumulative cost recovery from regulators, so the Ministry for Regulation should undertake a review of all levies to ensure they are consistent with the principles of good regulatory practices outlined in section nine of the Regulatory Standards Act.
- The Government must undertake a comprehensive review of the long-term sustainability of NZ Superannuation and healthcare funding in light of demographic change.
- KiwiSaver should remain voluntary unless compelling evidence demonstrates that the benefits of compulsory contributions outweigh the economic and social costs.
- Local government: Greater incentives for housing and infrastructure growth, including consideration of GST-sharing arrangements with councils.
- Health: A sustainable health system requires greater investment in prevention, timely treatment and medicines that reduce demand on the rest of the system. New Zealand allocates just 4.9% of public health expenditure to pharmaceuticals, compared with 13.3% across comparable OECD countries.

BusinessNZ is a sponsor of the Herald’s Mood of the Boardroom report

Rich says BusinessNZ is optimistic about the country’s future.

“We believe our best years lie ahead if we have the confidence to back the people who create opportunity, jobs and prosperity every day — New Zealand’s businesses.

“We are a small country with an extraordinary record of innovation, entrepreneurship and international success. From small and family businesses, Māori enterprises and manufacturers to exporters, farmers, technology companies and global firms headquartered here, New Zealand businesses have repeatedly shown they can compete with the very best in the world,” she says.

Rich says businesses do not expect the Government to create success, however, they do expect it to provide the conditions in which enterprise can succeed.

These are clear and durable policy, sensible regulation, competitive tax and investment settings, reliable infrastructure, secure and affordable energy, access to skilled people and open markets, and the confidence to invest for the long term.

Top issues facing the nation



Bryan Thomson
Harcourts Group

- Our number one issue is the quality of leadership at political level.
We need leaders who can set a vision and communicate it in a manner that gives our population the confidence to be positive and “have a go”. This is sadly lacking across the political spectrum right now.

- We need a long-term vision for New Zealand and cross-party support for delivering.
Currently we have a three-year cycle of political parties making announcements and decisions designed to get elected rather than being designed for the long-term success of us all as a nation.
We are the greatest little country in the world. We need to get out of our own way and get on the front foot.

- We have a segment of our society who have been left behind. We see many of them living on the streets.
We have a failing welfare system and services for the disabled that are far from fit for purpose. These areas are staffed by people trying to do their best with deep care but they simply don’t have the resources.
We need to reset our system to provide a hands-up platform to allow everyone the opportunity to succeed, and a welfare system that ensures those of us who simply are unable to support ourselves have the safety net any successful community would expect.
To have children and adults unable to feed or house themselves in 2026 in New Zealand should be simply unacceptable to us all.

Our ambition should extend beyond schools

Scott St John

For generations, New Zealand’s distance was described as a tyranny — a cost for businesses trying to reach markets, attract capital or bring ideas home.

The digital world changes that. Knowledge, software, research and services are largely weightless, and education is the infrastructure that enables a nation to create and export them.

Education is more than social policy or a hand-up. Done well, it drives employment, earnings, productivity and innovation.

Every political party says education matters, but the real test is whether we can build a broad system ambitious enough to lift both people and the economy.

Better attendance, strong foundations in reading, writing and mathematics, a knowledge-rich curriculum, excellent teachers and reliable assessment is what is required to create world class schools in New Zealand.

We also need a sustained public conversation about what children learn and how well the system prepares them for life and work.

But our ambition must extend beyond schools.

In encouraging more young people into university, New Zealand allowed vocational education — trades and industry training — to become a second-tier option, despite persistent skills shortages and strong opportunities for qualified tradespeople.

The New Zealand Initiative’s 2025 Trade Routes report notes that 11% of 16-to-19-year-olds are not in employment, education or training, while only 6 per cent participate in workplace-based learning. It argues that “trades academies” and “Gateway” programmes remain fragmented add-ons, rather than a coherent pathway from school to work.

We should establish a clear vocational route alongside the university track, with stronger industry leadership and a recognised qualification of equal status.

Germany shows what is possible: 89 per cent of vocational upper-secondary students combine classroom and workplace learning, and 94 per cent of vocational graduates are employed within two years.

Adapting that model would require Wellington to let go. Employers would help define standards, schools would provide the foundations, and young people would move smoothly into apprenticeships and work. Academic and vocational excellence would become partners.

Universities and polytechnics are equally important.

We should ask what it would take to move, say, the University of Auckland from the world’s top 100 into the top 50, and to turn our agricultural education and research into a genuinely world-leading platform.

Tertiary institutions should lead applied research in fields critical to society and our future economy. But research also needs stronger links to entrepreneurs, venture capital and global markets.

Government can help by rewarding businesses that host researchers, test intellectual property and incubate science alongside their operations.

Fisher & Paykel Healthcare shows the enduring value created when engineering, science and commercial discipline meet.

Government cannot deliver this agenda alone, though.

Employers must invest in training and open workplaces to learners. Universities and polytechnics must reward collaboration and commercial impact, schools must present trades and degrees as equally serious choices and parents must let go of the idea that success has only one educational shape.

Funding will always be constrained but that makes a clear national debate about priorities more important, not less.

New Zealand will never win through scale, but we can win through talent, knowledge and the speed with which we turn ideas into value.

Becoming an education-led nation is an ambition capable of changing our future.

- *Scott St John is the Chair of Mercury Energy and ANZ Bank New Zealand*

MOOD OF THE BOARDROOM 2026

Top issues facing the nation — CEOs have their say



Anoop Singh
Awanui Labs

- Lack of adequate focus on the primary healthcare and diagnostics sector, placing an uneven burden on hospitals and resulting in a sub-optimal use of the health dollar. Expand primary care capacity; shift suitable treatment from hospitals into community care; purchase private capacity where it is demonstrably cost-effective; and put considerably greater emphasis on prevention (through screening programmes) and early intervention.
- Employment law. Make it unusually easy to start, hire, invest, expand, restructure and close a business in New Zealand while specifying a relatively small number of strong worker protections that are simple, balanced and predictable.
- Global capital investment. We need to increase the attractiveness of overseas funds and HNW individuals wanting to invest in infrastructure and direct investments



Mike Horne
Deloitte

- Energy abundance, security and pricing is a risk — but also represents an enormous opportunity for the country. It requires certainty on regulation and settings to underpin investment. This is similar with infrastructure more broadly.
- Policy and certainty of settings. To drive investment and action we need a stable sense of long-term direction and policy settings, along with a mature longer-term discussion on the key issues driving debt and affordability.
- Ambition. Look through uncertainty, and be prepared to take some risk and a more active up and outwards approach to the world — we are an island nation but can't be an island as to how we approach the global economy, technology, and connectedness.



Mayurie Gunatilaka
Arup New Zealand

- We are not generating enough productive growth to lift wages, fund public services and improve living standards. To address this issue, we need a stable cross-party productivity and investment agenda, lift the business investment in technology, automation and R&D, and make energy, transport, water and digital infrastructure more reliable.
- We have under-invested in infrastructure that supports housing, growth, productivity and resilience. To address this we need an agreed long term pipeline, disciplined prioritisation and a focus on execution.
- Inflation and cost of living. Keep driving the reductions in administrative costs, increase competition, and stable policy settings.



Craig Bonnor
Cordis Hotel

- Continued low productivity growth well behind the OECD average weighs heavily. While we can't fix scale and geographic isolation challenges we can impact productivity. NZIER argues regulatory settings and investment incentives can lead to better capital allocation, business investment and faster technology diffusion. The right climate for investing in innovation and skills development will help too.
- Cost of living. Sustained productivity improvements are needed to deliver real income growth. Considering the construction sector alone, productivity improvements that deliver more affordable housing would deliver a better standard of living to Kiwis everywhere.
- Energy cost and supply. A multi-pronged approach including everything from solar, pumped hydro and coal to reduction targets for industry.



Susan Peterson
Kiwibank

- Maintain trust in our institutions. We would ideally have minimum standards of political alignment on key issues including the approach to superannuation, KiwiSaver, major infrastructure investment, our education system and public healthcare.
- Inequality, affordable housing and the cost of living. Address inflation by transferring unproductive public spending into productive capital investment.
- Pressure on Health Services. Public/private partnerships to shorten the wait list, lift public health system productivity and reduce wasted costs.

Survey respondents were given the opportunity to comment on the top issues and how they would resolve them

Blair Turnbull
Milford Asset Management
- Confidence in the governing and economic environment. This could be resolved through bipartisan consensus on what is best for our future prosperity.
- Lack of investment in infrastructure. Resolved through bipartisan support for appropriate, long-term funding of key projects.
- Poor savings culture with unsustainable Super settings. Resolved, again, through bipartisan support of sensible reform.

John Fraser Mckenzie, EMA
- Stability and certainty in key business settings: increase bi-partisan approach and long-term planning. Allow policies to be implemented and assessed before changing. The National Infrastructure Plan is a good example of this approach.
- Reliable and resilient energy: a formal 30-year Energy Plan that covers generation and distribution. Well communicated so local and international business can have confidence of supply.
- Develop an integrated workforce and skills strategy in consultation with business — aligned with immigration and education settings.

Doug Paulin, Sealord
- Fuel pricing.
- Political uncertainty.
- Populist policies from all parties.

Roger Gray, Port of Auckland
- Reduce both central and local government debt. Cut spending at all levels of government and return to surplus.
- Reduce the waste at both levels of government, reduce the number of non-core programs that don't deliver for the people. We need to radically cut local and central government public sector staff levels.
- Build the infrastructure we need for the next 100 years.

John Plato, Plato Creative
- I think the left bloc government is nuts with their tax policies, this will kill growth and innovation.
- Bipartisan agreements on infrastructure programmes and 10-year planning to stop waste.
- Rising cost of living and low productivity puts pressure on wage growth and cost pressures of business.

Matthew Cockram
Cooper and Company
- Productivity: invest in productive infrastructure.
- Common purpose: stronger, legible coherent leadership narrative.

John McWhirter
Wools of New Zealand
- Poor leadership and co-governance.
- High costs are making NZ globally uncompetitive.
- Lack of capital, investment and business acumen.

Leonard Sampson
Port of Tauranga
- Address the critical infrastructure deficit through a 30-year bipartisan infrastructure pipeline, supported by enabling regulatory settings, including RMA reform.
- Lifting productivity and economic growth. Weak productivity growth constrains wages, competitiveness and living standards. Sustained economic growth requires greater investment in innovation, skills, infrastructure and capital formation
- International competitiveness and resilience — New Zealand's prosperity depends heavily on global trade. Global tensions, trade disruptions, changing energy prices and shifts in supply chains create ongoing uncertainty. New Zealand needs to remain competitive, expand into more markets, strengthen its resilience and attract investment as global trade and shipping continue to change.

Kim Ballinger, AsureQuality
- Clear vision for the country, what New Zealand will and will not be — i.e. what we will be famous for.
- Productivity, use of AI and technology for both efficiencies and growth.
- Health system — requires total overhaul and transformation considering all 12 elements in McKinsey operating model, but in particular process and system architecture and building blocks.

Lisa Li
China Travel Service (NZ)
- Drive sustainable growth across both inbound and outbound travel, with a stronger focus on value rather than volume alone.
- Strengthen product innovation and customer experience, responding to changing traveller expectations for more personalised, authentic and high-quality experiences.
- Build resilience and capability through stronger partnerships, digital development and investment in our people, while navigating global economic and geopolitical uncertainties.

Sam Stubbs, Simplicity
- Governance mindset towards growth.
- Too many lobbyists and easy access to influence in Wellington.
- The ongoing impost of bank and other duopoly oligopoly cartels.

Mark McCutcheon
Rheem New Zealand
- National debt levels, the need to reduce debt, and the impact this has on our ability to fund growth.
- How NZ thrives through the next technology revolution.
- An orderly electrification transition and how we plan for this through changing policies between three year elections, while investment timeframes are much longer than this.

Justin Watson
Christchurch International Airport
- Make New Zealand easier to invest in and do business with.
- Cost of infrastructure and compliance: reform to create a system that can get things done quicker and cheaper.
- We need to earn more from the rest of the world by accelerating agriculture and tourism exports.

Don Braid, Mainfreight
- Investment in infrastructure.
- Government performance.
- Economic confidence.

Leon Fung, Synlait
- Unstable government and inconsistent governance policy/directions.
- Global trend of nationalism, protections and geopolitical tensions.
- Increasing energy and labour costs.

Craig Davidson, Aecom
- Our inability to engage in the hard conversations around prioritisation. Soaring healthcare costs, funding retirement, climate change/retrenchment are all examples where hard choices are needed. Elect — and, importantly, support — individuals who have the courage to engage and debate topics that need to be addressed.
- Leadership capability: we are a net exporter of leadership talent. We need to consolidate public sector entities to ensure we are not spreading our limited leadership depth too thin.
- Minor parties are having a disproportionate impact on policies. Voters are not getting what they thought they voted for. Ultimately, MMP is not delivering its promises.

Michelle Palmer
Retirement Villages Association
- Cost of living and affordability: focus on productivity, housing supply and reducing cost pressures on households and businesses.
- Constant reform and regulatory change: consolidate, simplify and allow businesses and communities time to absorb and implement change before launching further major reform.
- Pressure on the health system: prioritise access, workforce capacity and practical improvements that deliver better frontline outcomes.

Cameron Bagrie
Bagrie Economics
- I see a lot of talk of a cost-of-living crisis, which is masking the real crisis: an income crisis. You fix the latter via productivity.
- Fixing education requires addressing a lot of societal evils that have entered the classroom, such as poverty.
- Infrastructure: we build stuff and mismanage it. We need a NZ Super Fund-style organisation that manages Crown physical assets.

Mike Hearn, Amcham
- Cost of living: we need strong policies to grow the economy. Easing financial strain by adjusting income tax thresholds, reducing regulatory costs on businesses to lower consumer prices, and boosting national productivity.
- Strong government policies to encourage and support businesses.
- Healthcare: significant increase in funding is needed to support the sector.

Businesses must invest for growth

Westpac CEO warns election policy uncertainty is holding back investment, writes **Andrea Fox**



It's a real opportunity to stand up as a country, as a bit of a shining light of sanity in a world that's feeling less predictable.

Catherine McGrath

Putting investment on hold based on the assumption our uncertain world will one day return to "normal" no longer feels like the right decision, says Westpac NZ chief executive Catherine McGrath.

"How the world is operating has definitely changed from where it was five or six years ago, so I think this regularity of shocks and uncertainty we've been dealing with for a long period of time is the norm."

Businesses that have long deferred investment are starting to see this and determining they need to invest to drive their growth, irrespective of global events, she says.

Westpac NZ plans to increase capital and IT spending despite expecting flat revenue, profit decline and staff numbers to fall.

"We expect the economy to start to get better. Economists are telling us we should expect about 3% growth next year. But competition is really fierce in the financial services and banking sectors, so that's what's driving the revenue flat despite the fact we're seeing a bit of growth in the economy.

"Cyber-spend is an area that's definitely going up for the bank to make sure we continue to protect our customers really well but also to ensure tools are used in the right way to free up our teams a bit more so they can spend even more time talking to customers."

McGrath identifies regulation, infrastructure and government policy uncertainty as the three biggest constraints on economic growth. "The thing that's most challenging is the chopping and changing of policy and regulation and therefore, what's happening with infrastructure."

She urges New Zealand to recognise that in the world's new operating "norm", predictability is an asset and that the country has a stellar reputation internationally as a stable economy, a good place to do business and a safe harbour for capital from overseas.

"We need to make sure those assets and the way we're seen continue to be strengthened as opposed to eroded.

"It's a real opportunity for us to continue to stand up as a country, as a bit of a shining light of sanity in a world that's feeling less predictable. So us being predictable, with a very strong democracy, a very cohesive society and therefore a great place to both live and invest is, I think, really important."

As to what infrastructure decision the next government could make that would most boost productivity, McGrath says it's not about wholesale change.

"It's about staying on the path in terms of decisions already made and letting businesses and offshore investors see there is a bipartisan agreement about how infrastructure is done and delivered in New Zealand."

McGrath is highly concerned about the impact of election policy uncertainty, while acknowledging it's an "inevitable consequence" of an electoral system that produces coalition governments.

"What's becoming increasingly clear, if it wasn't before, is that you might vote for Party A and they then need to do a coalition agreement with a couple of other parties.

"Therefore, the policies you end up with by definition and by the construct of the system are compromised in one way, shape or form. This has its upsides but it also has downsides – and that is uncertainty."

Asked if political volatility is becoming an economic competitiveness issue, McGrath says on core areas like infrastructure, the country needs to have more than a three-year view and bipartisan support is really important.

"It doesn't matter whether it's big bits of infrastructure like roading or whether it's overhauling the education system, there are things that we simply can't afford to change every three years."

McGrath says for New Zealand to become genuinely competitive for international capital, "it's about overseas investors being able to have real confidence in the way our Government looks at business, the way we make longer-term decisions and not chop and change every three years.

"Continuing to have an amazingly stable democracy and a very cohesive community are all things I think really help us be competitive for investment on the world stage."

She doubles down on her view that the time for Kiwi businesses to hope for a return to plain sailing with no economic uncertainty is over. "That means businesses need to make sure they're future-fit, which means investing for growth, better customer service, productivity, whatever is most important to them.

"The fundamentals we can see are heading in the right direction and our economists are currently predicting 3% GDP growth, so for investing in things like cyber protection or whatever you need to make your business fit for the future, now feels like a really good time."

Driving the improved outlook is the expectation that the rewards from strong agri-sector performance will start flowing from rural regions to cities next year, and conservative-spending consumers adjusting to an uncertain world.

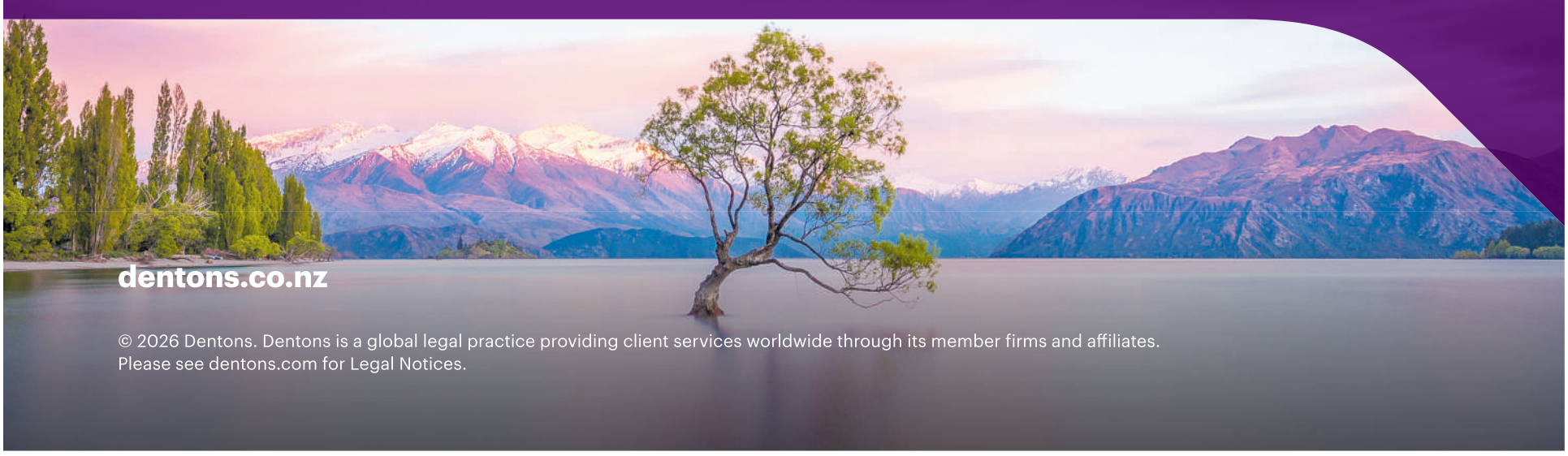
"We're all getting used to the uncertainty that is our new norm."

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MOOD OF THE BOARDROOM 2026

Who is up to the

CEOs like the way Barbara Edmonds engages with business but wonder whether the numbers stack up, writes **Graham Skellern**



Does Barbara Edmonds present as a credible Finance Minister?

55% YES

30% NO

15% UNSURE

In the lead-up to the election, Barbara Edmonds has more than held her own in the debates on the economy. The parliamentary two-termer has also been more forceful.

When challenged, she quickly points out that she's been a tax lawyer for more than 10 years, she's been an analyst for tax policy development and she's been an adviser for both National and Labour ministers in government. "I know what I'm talking about."

At the ASB Great Debate in Queenstown, Edmonds wasted little time in acknowledging Act leader David Seymour's remark, even if it was a quip, that she's "one of the smartest people in the Labour Party."

The boardroom is still not quite sure about the Labour Party finance and economy spokesperson's credentials and vision.

The business leaders were asked: Has Edmonds (the MP for Mana) presented herself as a credible Minister of Finance? The response was: 55% said yes, 30% no and 15% were unsure. This hardly changed from last year's Mood of the Boardroom survey when 53% said yes, 26% were unconvinced and 21% undecided.

The business leaders wanted more detail on Edmonds' approach and plans. Labour's fiscal strategy and economic and tax policies are out.

An investment banker said Edmonds was credible, engaging, caring and smart but she will get eaten up by her political colleagues, though.

Willingness to engage

Don Braid, group managing director of Mainfreight, said there was an element of capability but "we are yet to see that flourish amongst the election rhetorics."

An energy chief executive said: "I don't agree with all her positions, however her understanding of the issues and willingness to engage with business has been impressive."

Edmonds laid out her vision during the Queenstown Great Debate: "I want a New Zealand where your friends, children and family can make a future here. In order to do that, we need an economy that works for everyone, not just a few.

"We need to ensure we support job creation and back our business, especially the 97% in New Zealand that are small businesses, and we need to deal with the cost of living.

"When I go up and down the country, and right here in Queenstown where a number of your workers are struggling, they say the cost of living is the number one issue.

"Labour has a plan to tackle all three key areas, and I'm going to be the next Minister of Finance, not Chloe Swarbrick, not Nicola Willis. I'm here to ensure we have an economy for everyone."

Later, Edmonds said "the number one thing young people want from us adults is to figure out how they keep their future.

"They need to have jobs when they come out of the education system. We need to support the businesses to create the jobs, and we can support those jobs staying in New Zealand.

"AI is going to be an opportunity as well as a disruptor. How do you think about the future of work for our young people? Are they learning the skills at university, polytechnic, secondary and primary schools to lead them to the future of work?

"Part of our AI strategy is having the leadership with the Department of Prime Minister and Cabinet. AI is already here. How do we safeguard the kids? How do we protect copyright, data sovereignty, privacy? It needs strong leadership and right at the top, under the Prime Minister."

> Labour is committed to restoring full pay equity, a bill Treasury once put at around $13 billion, and her plan does not put a cost on it.
>
> Anne Gaze, founder of Gaze Foundation

Fiscal plan

Labour's fiscal plan sees a return to surplus by 2029/30 using the original operating balance before gains and losses (Obegal) including ACC; reducing net debt to 20% of gross domestic product (GDP); and core Crown expenditure and revenue held at 33% of GDP when the capital gains tax is fully implemented.

A new Parliamentary Budget Office would be established to independently analyse the books and every party's spending commitment. The Reserve Bank would have a dual mandate: price stability (tackling inflation) and maximum sustainable employment.

Two business leaders provided interesting perspectives to the economic and fiscal plan.

Chris Quin, chief executive of Foodstuffs North Island, said Edmonds has demonstrated a willingness to engage and hear a range of perspectives on economic issues, which is an important part of the role.

"While opinions will differ on Labour's economic policies, she has generally presented herself as a considered and pragmatic voice within the party.

"Whether she is considered as a credible future Minister of Finance will ultimately depend on voters' confidence in Labour's broader economic programme and its ability to support growth, investment and fiscal stability."

Anne Gaze, founder of Gaze Foundation and CampusLink, says Edmonds cannot make her party's numbers add up ... a tax background is not economic leadership.

"Labour is committed to restoring full pay equity, a bill Treasury once put at around $13 billion, and her plan does not put a cost on it.

"The three-year fuel tax freeze has no line in her costings table.

"Three free GP visits for everyone are to be paid for out of money already set aside for existing health pressures. Her capital gains tax raises $2.8b against $24.5b of spending, and even that depends on property prices rising in a market that is going the other way.

"A year ago, she would not say how she would fix the structural deficit. She still has not. That is not a growth agenda. It is a spending list with the awkward items left off the page.

"I have seen no economic leadership, no fiscal discipline and nothing to suggest she understands what it takes to grow an economy."

Hayden Wilson, chair of Dentons New Zealand, identified Edmonds as the politician he would trust most through another global economic shock, rating her 4/5 as frontbench performer and a credible Finance Minister.

Labour's best MP?

A research chief executive went further. "Edmonds is perhaps the best MP in Labour's ranks. She clearly understands the issues yet seemed unable to bring her party to a rational position on tax and spending."

An agri manufacturer said Edmonds has shown admirable willingness to engage with and listen to business but he's not sure whether she will be able to push back against the more left-leaning policies advocated by others in opposition.

Many CEOs agree she has the ability – she needs more clearly articulated positioning.

> While opinions will differ on Labour's economic policies, she has generally presented herself as a considered and pragmatic voice within the party.
>
> Chris Quin, Foodstuffs North Island

Labour is proposing a New Zealand Future Fund by pooling dividends from State-owned enterprises and Crown Assets. It would repeal the Investment Boost tax incentive and expand the Elevate venture capital fund by redirecting up to $50m a year from the government contribution to the NZ Super Fund.

It would raise the GST threshold to $80,000, make big businesses pay small suppliers within 15 days, back 30,000 apprentices with an expanded apprenticeship boost, and guarantee every eligible graduate nurse a job.

Labour has pledged it will restore pay equity legislation within the first 100 days of being in power and it will give a $4 an hour pay rise to 65,000 care and support workers from January 1 next year.

Taxing issues

One of the prickly policies is the 28% capital gains tax on profits from commercial and residential investment properties sold after July 1 next year.

Edmonds told the Queenstown audience: "Labour is proposing a simple, targeted capital gains tax which nine out of 10 New Zealanders won't pay – it does not affect the main home.

"If you are a real property investor, there is a section in the Income Tax Act where the income you make from buying and selling property is already covered. We want people investing in productive assets – this helps the allocative efficiency, where you go looking to invest in land or business. By taking away the tax advantage of going into property, we want to even that playing field.

"The targeted tax will not tax you on paper gains – there is a median rule which I helped develop with the tax working group in 2019. You will have five years from July 1, 2027 to provide either a market value or rateable value, or a standard default method by the IRD if you don't elect it. Under the median rule, you take the highest of those two things and you minus the disposal cost – that's the rule of the tax working group."

On splitting the supermarket duopoly, Edmonds said Labour's policy is to break up the wholesale and retail arms of the larger players. "Why? The wholesale arm is the price given to the smaller independent firms – the independent butchers and greengrocers.

"We back them to get better prices at the wholesaler so they can be competitive. We are proposing greater teeth for the Commerce Commission."

The central question is: Can Edmonds persuade CEOs that Labour has a coherent, fully costed economic strategy that will encourage investment, improve productivity and deliver better public services without undermining fiscal discipline?

Does Edmonds offer a genuinely different and credible route to growth, or is Labour still developing the economic plan business wants to see?

One suspects there is still more work to do.

fiscal challenge?

Nicola Willis wins the business credibility test — but the growth dividend remains elusive, writes **Fran O'Sullivan**

Nicola Willis heads to election day with a solid endorsement from the business community — but also a warning that credibility as Finance Minister is not the same as delivering the economic transformation New Zealand needs.

The *Herald*'s Mood of the Boardroom survey found 74% of chief executives and chairs considered Willis a credible Minister of Finance (One in five (20%) disagreed, while 6% were unsure.

That is a respectable result for a minister who inherited a difficult fiscal position from Labour's Grant Robertson and has had to navigate a sluggish recovery and international economic shocks.

But the comments reveal a more qualified verdict. Willis receives credit for restoring spending discipline, pursuing a path back to surplus and introducing incentives for business investment. Yet critics question whether she has done enough to tackle debt, lift productivity and create the conditions for sustained growth.

Don Braid, chief executive of Mainfreight, captured the uncertainty surrounding the fiscal outlook: "Yet to decide if it is all waffle or it has the ability to deliver a surplus that we all understand."

Economist Cameron Bagrie argued that three successive expansionary Budgets had added to fiscal pressures rather than addressed them. Greg Gent of Dairy Holdings was more blunt: "Debt continues to increase, that alone takes away her credibility."

For Willis, the challenge is to persuade voters that the Government's economic programme is beginning to deliver — while convincing business leaders that fiscal repair will translate into stronger investment and productivity.



Is Nicola Willis a credible Finance Minister?

74% YES

20% NO

6% UNSURE

Fiscal discipline, but an unfinished job

Willis' supporters acknowledge that she inherited a difficult set of books and has brought greater focus to Government spending. Her case rests on a projected return to surplus in 2028/29, tax relief the Government says is fully funded, the Investment Boost incentive and regulatory reform intended to encourage economic activity.

Anne Gaze gave Willis qualified credit for holding new spending to $2.1 billion in the latest Budget and setting out a path from an $11.9b deficit to a forecast $2.6b surplus. She also welcomed Investment Boost, describing it as the first serious incentive for business investment in years. But Gaze argued Willis had stopped the deterioration without undertaking the deeper reform required. The core public service remained around 63,000 people, while the Crown's annual wage bill had risen by more than 45% since 2017. Core spending remained above 32% of the economy, against Willis' own target of 30%.

Her verdict was that Willis had stopped the bleeding but had not operated.

Other respondents questioned whether the Government had done enough to restrain spending and confront the long-term costs of an ageing population. One argued that the 2024 tax cuts came before the deficit had been fixed, offsetting much of the benefit of spending restraint.

> Beating up on the banks, gentailers, Foodstuffs and other successful New Zealand businesses is cheap politics and not in the country's interests.
>
> Chairperson

The concern is that a near-term surplus will not resolve the structural pressures building on the public finances.

In a discussion with the *Herald*, Willis identified KiwiSaver reform, implementation of the national infrastructure plan, achieving a surplus and examining future productivity-focused tax reform as priorities if returned as Finance Minister. Superannuation is another looming challenge, with business leaders arguing that changes require advance notice and cross-party agreement.

The distinction emerging from the survey is between fiscal stewardship and economic leadership. Willis is credited with trying to restore order to the Government's accounts, but business wants greater ambition for growth.

One utilities chief executive described her as a "good steward of the Finance portfolio" but said that as Minister for Growth, she had been "completely lacking".

Investment Boost

The election campaign has sharpened the debate over whether National's economic policies are delivering sufficient results.

At the October 14 ASB Great Debate in Queenstown, Willis defended Investment Boost, National's flagship incentive for business investment, against Labour's alternative approach.

Her argument is that tax incentives can encourage firms to invest in new equipment, expand operations and improve productivity. She has cited businesses telling her that the policy helped them proceed with planned investments.

In an earlier campaign finance debate, Willis said the average asset claimed under Investment Boost was worth just over $60,000, based on the tax returns received at that point.

She argued that Labour's proposed $10,000 asset write-off would be too limited for businesses with bigger ambitions, such as a bakery opening another outlet or a company investing in machinery.

"Our policy creates certainty in the tax environment," Willis said, claiming that Labour's alternative would impose an additional $5 billion in tax.

The exchange captures the competing economic narratives facing voters. Willis is pitching continuity, investment incentives and fiscal restraint as the route to recovery. Labour's Barbara Edmonds argues for a different approach, including more targeted support for smaller businesses.

Willis has also indicated that further tax reform could be considered if the fiscal position permits it, with an emphasis on putting more money in workers' pockets and encouraging businesses to innovate and invest.

For business leaders, however, the test is not simply whether the policies sound attractive. It is whether they generate measurable improvements in investment, productivity and economic performance.

Foodstuffs controversy

One of the most damaging criticisms in the survey concerns Willis' proposed structural separation of Foodstuffs, which has exposed tensions between National's pro-business message and its willingness to intervene in established companies.

Some respondents accept that competition problems in supermarkets and banking need addressing. Others believe Willis has pursued politically attractive targets at the expense of investor confidence.

A company chairperson acknowledged Willis had handled the fuel crisis well, restoring credibility through her response. But the chairperson argued that she too often pursued the politics of an issue rather than what was economically right.

"Beating up on the banks, gentailers, Foodstuffs and other successful New Zealand businesses is cheap politics and not in the country's interests," the chairperson said.

Another respondent questioned what a National Minister of Finance was doing leading attacks on the business community, citing the Fonterra butter controversy and the supermarket proposal.

The concern is that businesses contemplating long-term investments may begin to wonder whether the rules will change after they have committed capital.

The Foodstuffs proposal is particularly contentious because the Government's own inquiry into barriers to supermarket competition identified issues such as zoning, slow consenting and regulation. Critics question whether restructuring an established New Zealand-owned cooperative addresses those underlying obstacles.

At the ASB debate, Willis defended the prospect of breaking up the supermarket duopoly, with reports of the debate indicating she argued prices could fall by 3-4%. Act leader David Seymour pushed back, warning that intervention could create uncertainty and arguing that barriers to new entrants should be the priority.

The disagreement highlights the difficulty for Willis: she must demonstrate that competition reform can deliver better outcomes for consumers without undermining the investment confidence National says is essential to growth.

An election-year liability?

Willis' prominence makes her economic record central to National's campaign. As Finance Minister and deputy National leader, she is one of the most visible faces of the Government's case for re-election.

Her position is not without strengths. The survey shows that most business leaders still regard her as credible, and her handling of fuel-security pressures has attracted positive comment. Supporters also point to Investment Boost, trade agreements and regulatory reform as measures intended to improve the economy's medium-term prospects.

But her political exposure is increasing as the campaign forces National to defend the gap between its economic promises and the recovery experienced by households and businesses.

Willis occupies the No. 2 spot on National's 2026 party list, behind Prime Minister Christopher Luxon. On the face of it, her formal list ranking should not be vulnerable. Her political standing, however, is tied to National's electoral performance and whether the party can persuade voters its economic programme is working.

The survey suggests that business leaders have not dismissed her. Rather, some of those who accept her stewardship are unconvinced she has delivered enough on growth and productivity.

The overall Mood of the Boardroom verdict is that Willis has retained substantial credibility, but it is conditional. The 74% endorsement gives her a platform; the 20% who disagree, together with the reservations expressed by some supporters, show how much remains to be done.

Her ultimate test is not simply whether she can deliver a forecast surplus. It is whether she can turn fiscal management into sustained growth, higher productivity and greater business confidence — and convince voters that National deserves another term to finish the job.

MOOD OF THE BOARDROOM 2026

Opportunity Party's rise reshapes the election

Business leaders say Opportunity has changed the landscape, but question whether its centrist appeal can survive scrutiny of its policies — and whether National can afford to shut the door on a potential coalition partner, write **Fran O'Sullivan** and **Bill Bennett**

The *Herald*'s Mood of the Boardroom Election 2026 survey of business leaders reveals a sharp divide over both the Opportunity Party's prospects and Prime Minister Christopher Luxon's decision to rule out working with it. Chief executives are divided on whether leader Qiulae Wong has positioned Opportunity as a credible Coalition partner: 41% of respondents agree; 40% don't and a further 19% are unsure.

Some CEOs see Opportunity as a fresh political voice capable of attracting voters disillusioned with established parties and potentially offering a more workable coalition partner than some of the existing alternatives. Others regard its tax and redistribution policies as fundamentally incompatible with the investment-led growth New Zealand needs.

But even among those sceptical of its policies, there is recognition that Opportunity's rise has created a new dynamic in the election contest.

Wong has been the wildcard at the 2026 election.

"She has transformed the landscape for this election — well done," one energy CEO said.

The 38-year-old ex-business consultant was parachuted into the leadership of the Opportunity Party after getting the job by answering an advertisement on Seek.

Prominent list members include deputy leader Daniel Eb, who runs a communications agency, Wellington public servant Jessica Hammond and environmental policy specialist Dr Kayla Kingdon-Bebb.

"Bizarre really that a job ad for a leader has worked so well," said Simon Bennett of Metro Performance Glass.

Opportunity, formerly TOP, has failed three times to reach Parliament.

But the party registered 8% support on the latest *1News* Verian poll translating into 10 seats in Parliament. If Opportunity's support holds at a similar level at the November 7 election, it would be in the kingmaker position to choose between the right and left blocs.

The party's headline policies are an annual land-value tax on urban property and a universal basic income paid to every adult, alongside compulsory KiwiSaver, climate action and a $30,000 cap on political donations.

There's an irony with that last policy: Opportunity has accepted six gifts above that this year, worth more than $400,000. At the time of writing, that is more in large donations than Labour has received. Wong concedes the optics are awkward but says the party must "play the game" to get into Parliament.

Many business leaders are impressed by Wong and Opportunity's performance but unconvinced by policy.

This view is summed up well by the CEO of a research business: "Opportunity presents as united and media-savvy. Yet their policies do not add up fiscally."

Anne Gaze, founder and CEO of Campus Link Foundation says: "Wong will win votes at this election, and not for her policies. She is young, articulate, quick on her feet and always smiling, and that is now what wins elections."

However, Gaze is more critical of Opportunity's policies.

Commenting on Opportunity's proposed land tax and $19,400 "citizen's income" she says: "Her economic thinking is backward, and it would gut the productive, investment-led economy New Zealand needs."

Another executive described the positioning of a centrist party capable of working across the political divide as politically astute, despite questioning whether its policies were economically credible.

The emergence of Opportunity has also raised questions about the importance of political presentation in an election increasingly shaped by media exposure and voter dissatisfaction with established parties. One agribusiness boss said Wong had led the party well and appeared a more credible coalition partner on the left than Te Pāti Māori or the Greens.

A utilities CEO agreed that the idea of a centrist party was attractive, but warned that Opportunity's identity remained unclear.



"While Qiulae is a strong communicator, she struggles once conversation goes beyond the prepared script," the executive said.

Other CEOs were more dismissive, questioning whether the party had a coherent policy platform beyond its slogans.

"What do they stand for except slogans?" asked Roger Gray, chief executive of Port of Auckland.

An environmental services executive similarly criticised what they saw as a lack of policies, while an energy CEO described the party as still coming across as "the doctor's party" — with an answer for everything and a request for considerably more money to deliver it.

Tax and redistribution at the heart of concerns

The most contentious aspect of Opportunity's programme is its proposed restructuring of the tax and welfare system.

They have not been included in Wong's five bottom-line policies for any post-election negotiations. "Taking key policies off the table as non-negotiable undermines credibility and smacks of political opportunism," says an agribusiness manufacturer.

The party's proposal for an annual land-value tax of 1.75% on urban land and 0.5% on rural land, alongside a $19,400 annual payment to every adult, including those receiving New Zealand Superannuation, has drawn particularly strong criticism from business respondents.

These two proposals were among the least impressive of the policy options assessed by respondents. The annual land-value tax attracted a weighted average score of just 1.31, with 79% of respondents giving it the lowest rating of one. Only 2% gave it the highest rating of five.

The proposal to replace main benefits, including NZ Super, with a $19,400 annual payment to every adult scored only 1.47. Some 63% gave it the lowest rating, while just 1% rated it five.

> National might have to swallow this rat.
>
> Energy CEO

An investment banker described the policies as "loopy", although the executive acknowledged that Opportunity's positioning as a party potentially able to work with both sides was politically astute.

A research CEO also questioned whether the party's policies added up fiscally, despite its united and media-savvy presentation.

The results were not uniformly negative. A proposal to establish a renewable energy capacity investment scheme, with government dividend revenue ring-fenced, received a weighted average of 2.46.

Simplifying income tax to three brackets scored 2.45, while capping political donations at $30,000 per donor per party per electoral cycle scored 2.35.

National's decision: tactical success or strategic mistake?

National leader Christopher Luxon's decision to rule out a coalition arrangement with Opportunity has generated its own debate among CEOs.



Luxon has repeatedly ruled out a deal. He says he won't do business with a party that wants to tax more and spend more. Wong calls that premature and says she will approach the leader of the largest party first if Opportunity holds the balance of power.

A research CEO described it as the right tactical move to stop National bleeding support to Opportunity, while acknowledging that National might have to revisit the question after the election.

A technology executive called the decision an obvious strategic blunder.

A transport boss argued that ruling out Opportunity reduced National's options, while a utilities chief executive suggested that a more productive relationship with Opportunity might be possible than with New Zealand First.

"There is a reasonable argument that ruling out the Opportunity Party so early was a short-sighted decision," said Chris Quin, chief executive of Foodstuffs North Island.

He argued that, under MMP, pragmatism and flexibility could be important in forming stable governments, and that keeping options open could provide greater leverage and more pathways to implementing a policy programme.

By ruling out the party before voters had delivered their verdict, Quin said National had narrowed its coalition options in an increasingly fragmented political environment.

Other executives suggested the decision could be reversed if the final results left National needing additional support. "Everything can be negotiated," one infrastructure CEO said.

An energy CEO was blunter: "National might have to swallow this rat."

Cameron Bagrie of Bagrie Economics saw a clear political strategy behind the Prime Minister's position, arguing that it was designed to protect National's party vote. But he added that National would almost certainly pick up the phone if Opportunity's support became necessary.

"It's all hearsay until the coalition negotiations get under way," said Mainfreight chief executive Don Braid.

Labour leader Chris Hipkins has also warned voters that supporting the Opportunity Party risks "giving their vote away" and could ultimately help National stay in power.

Hipkins stated that voters backing the Opportunity Party are letting someone else decide who forms the Government, arguing that anyone wanting a change of government should vote directly for a Labour-led government.

A new home for protest votes?

Some business leaders believe voters are looking for alternatives to the major parties and that a fresh political voice can attract support from people dissatisfied with the existing choices.

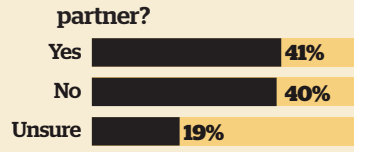
The challenge for Wong will be to turn that appetite or a fresh voice into durable support by demonstrating that Opportunity has a credible economic programme, rather than relying on its leadership profile and positioning between the established political blocs.

Some CEOs see the party's ability to present itself as a potential bridge between left and right as its greatest political asset. Others warn that its willingness to position itself as a centrist alternative does not resolve the tensions between its policy ambitions and the practicalities of economic management.

The bottom line is 62% of survey respondents believe there would be a negative impact on business confidence if Opportunity holds the balance of power after the election.

Clearly, Wong has work to do.

Q Has **Qiulae Wong** positioned Opportunity as a credible Coalition partner?



Q Has **National** made the right call to rule out Opportunity?

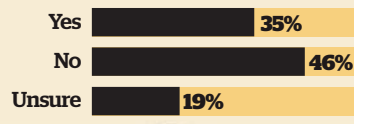
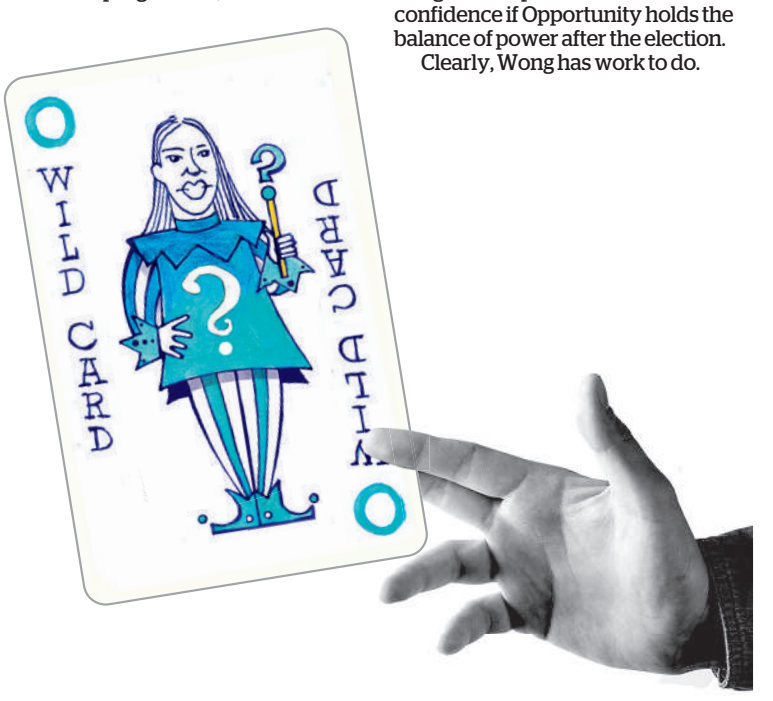




Photo: Mark Mitchell. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic



A coalition minefield looms as minor parties jockey for power



Mood of the Boardroom
Richard Harman



The minor players line up to debate: the next government will likely include more parties than the current coalition.

Whichever side wins this election will walk straight into a governmental and constitutional minefield. That will be because the vote for small parties is so high and the vote for the two main parties is relatively low.

On current polling, National and Labour would get somewhere in the high 50s to 60% of the vote.

Both could face up to half their Cabinet coming from support parties.

Australian political consultant and commentator Kosmos Samaras told a recent conference in Wellington we live in an age of fragmentation.

He put this down to the over-reach by the political class during the Covid crisis, with the disillusionment of Gen Xers now realising they would never enjoy the prosperity the Baby Boomers do. Add to this the realisation by many Millennials and Gen Zer's that they face existential threats ranging from the demographic to AI and environmental change.

The historic geography of politics that pitted the wealthy against the poor has gone. Politics in New Zealand is now a hydra-headed monster, and managing that fragmentation will be the biggest challenge the next Prime Minister faces. The current one is clearly not enthused.

National could easily lose its majority in Cabinet to a combined Act-New Zealand First set of ministers. Though leader Christopher Luxon has kept both New Zealand First and Act inside the centre-right tent over the past three years, it has plainly got to him.

"I do not want to have to be dealing with ministers from other minor parties that end up in a coalition government," he said a week ago.

There is a similar though not quite as absolute view from Labour. Campaign chairman Kieran McAnulty last week said his party was "on the verge of being able to form a coalition with just the Greens and Opportunity. So that's my focus and my role."

He said the party was trying to form a government with the least possible number of coalition partners.

When asked if he would rather work with Opportunity than Te Pāti Māori, he said: "I would, yeah sure, but at the end of the day, you deal with the cards you are dealt."

In fact, Labour would be highly unlikely to include Te Pāti Māori in a coalition but rather have them as a confidence and supply partner, much like the Greens were during the Ardern Government.

That preference for Opportunity is also evident on the centre-right of politics, though Luxon has ruled out including them in Government.

Act leader David Seymour says he could be open to a "four-headed beast" coalition with Opportunity to stop a left-wing coalition taking power. But privately, Act insiders are not so enthusiastic about a "four-headed beast". Their ideal position would be if New Zealand First was excluded from government and it was just National, Act and Opportunity.

That gets to the heart of the problem — particularly, Act's antipathy to New Zealand First. National ministers have been able to work with ministers from both parties but the two coalition partners have often not been able to work with each other.

> Politics in New Zealand is now a hydra-headed monster, and managing that fragmentation will be the biggest challenge the next Prime Minister faces.

Act's Associate Agriculture Minister, Andrew Hoggard, for example, has really been the Agriculture Minister, with the nominal minister, Todd McClay, preoccupied with his trade portfolio. Infrastructure Minister Chris Bishop has been able to work closely with New Zealand First's Regional Development Minister, Shane Jones, implementing the Fast Track legislation and getting infrastructure projects off the ground.

But there have also been serious clashes. The latest has been Foreign Minister Winston Peters' man-alone determination to ignore National on foreign policy.

"I'll say it slowly. The person in charge of foreign policy is the Foreign Minister. That's me, not the Prime Minister," he told Parliament in May.

Act's Treaty Principles Bill saw a bizarre accommodation within the Government. National supported it through to the select committee but then voted against it. Luxon brushes off criticisms of this decision, saying it was a consequence of MMP.

"I'd just say to you we live in an MMP environment," he told a post-Cabinet press conference in 2024. "We're in a multiparty coalition government. It's no different from what happens in Germany or what happens in the Netherlands or any other part of Western Europe that has an MMP system.

"It requires compromise, and this is one of those things that both parties would say up front we've compromised on."

Act and National might have compromised on it, but New Zealand First's Peters promptly announced he would seek its repeal.

The personal dynamics between the coalition party leaders have not been good.

Peters has been clear that he has little time for Seymour. He has indicated he would campaign on repealing Act's showpiece Regulatory Standards Act. Seymour reciprocates the animosity.

The Prime Minister has tended to deal with his two partners either by making concessions to them, as he did with Seymour over the Treaty Principles Bill, or by ignoring a defiance of the constitutional convention of Cabinet collective responsibility.

Thus, whenever he was questioned about the Treaty Principles legislation, he would say it was a product of MMP.

Labour leader Chris Hipkins faces a more challenging partnership with the Greens. Because of that, Labour has been quietly talking to the Greens all year about policies and, in turn, the Greens' appointment of their former MP (and one-time Young National) Kevin Hague as chief of staff has brought a degree of order to the way they go about things.

However, the recent pictures of some of their MPs with the Mongrel Mob show their potential to make any relationship with them a wild ride.

There remains the question of the Opportunity Party. Heavily influenced by the former Greens co-leader who achieved bipartisan consensus on zero-carbon legislation, they have bipartisan agreement at the top of their list of political priorities.

"It's time to stop the policy flip-flops and block the political extremes," they say on their website.

"We will work with both National and Labour for long-term action that sticks across election cycles."

Labour would almost certainly contain them by not going into coalition with them, having them only as a confidence-and-supply partner.

What all this indicates is that the next Prime Minister will have to be much more of a dealmaker than Luxon has been.

Whatever the next Government is, it will likely face a minefield as small parties — with more in Cabinet than the current coalition — jockey for position. Decision-making will slow down and compromise will become the order of the day.

● *Richard Harman is a respected political commentator and author of the Politik newsletter*

CEOs want practical reform, not culture wars

David Seymour's economic credentials win CEO backing — but Treaty politics cloud Act's pitch, writes **Fran O'Sullivan**

David Seymour has helped deliver some of the Coalition Government's most consequential deregulatory reforms. But his Treaty crusade threatens to overshadow the economic agenda that gives Act its strongest claim to influence.

The *Herald*'s Mood of the Boardroom 2026 survey found 59% of business leaders believe Seymour has helped make the Government more business-friendly; 30% disagree and 11% are unsure.

For Seymour, the endorsement reflects a tangible record: establishing the Ministry for Regulation, restoring 90-day trials for all employers, reinstating interest deductibility for residential property and scrapping the ute tax and Auckland Regional Fuel Tax. Act has also helped drive the replacement of the Resource Management Act, with new planning and environmental legislation passed in September.

The reforms reflect Act's core argument that excessive regulation, compliance costs and an oversized state are holding New Zealand back. The RMA replacement is particularly significant, promising a more property-rights-based planning system and faster approvals for development and infrastructure. The economic gains, however, will depend on implementation.

Yet Seymour's economic credentials are complicated by his pursuit of the Treaty Principles Bill and the culture-war politics surrounding it.

"Act is clear and consistent with their policy as it pertains to making it easier to do business in New Zealand," one utilities chief said.

An executive praised Seymour for challenging bureaucracy and making the Government more accountable. "What I respect most is that he gets hammered personally and politically and still doesn't back down. He takes the attacks, holds his line and keeps going. That takes backbone. New Zealand needs more of this."

An investment banker described Act as "the best in Government on economic matters", and suggested Seymour should be the next Minister of Finance.

But other business leaders believe he has squandered political capital.

"Act's diversion into Treaty rhetoric has distracted it from its contribution to the Government," said Hayden Wilson of Dentons NZ.

A local government chief executive warned: "I don't see the pursuit of distracting culture wars as being business-friendly in the long term. We have been focused on the wrong things."

An energy chief also cautioned that Act's Treaty positioning risked affecting investment decisions by major commercial Māori entities.

CEOs back practical reform

An education sector leader described Act's election platform as the strongest of any party, arguing that while other parties debate how to distribute public money, Act asks why government costs so much.

The survey's policy ratings suggest business leaders favour practical improvements over some of Act's more contentious proposals.

Expanding the conditions pharmacists can treat, including ordering blood tests, scored 4.01 out of five. Consolidating 43 government departments into 19 scored 3.98, while increasing pharmaceutical spending by one percentage point of the health budget annually until reaching parity with Australia received 3.93.

Building a $2 billion cancer centre with Auckland and Christchurch campuses scored 3.78.

By contrast, adding parliamentary sovereignty, the rule of law and equality before the law as principles in the Constitution Act scored 3.15. Limiting tikanga in court decisions to cases expressly permitted by Parliament scored 2.99, while repealing Māori employment and engagement requirements in the public service scored just 2.72.

Introducing noise cameras to fine vehicles exceeding a decibel limit was the weakest-rated proposal, at 2.49.

The message is that CEOs are not giving Act a blank cheque. They want measurable improvements in productivity, government efficiency and business confidence.

Q Has David Seymour's leadership of Act helped to make the Government more business-friendly?

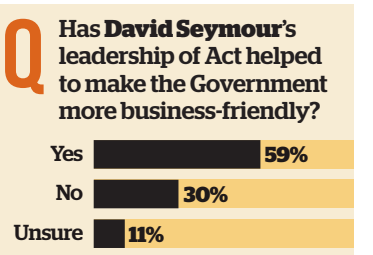




Photo: Sylvie Whinray. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

MOOD OF THE BOARDROOM 2026

A final run at the top job?

Winston Peters is campaigning on experience, economic nationalism and a promise to put New Zealanders first. But as the veteran leader seeks to strengthen New Zealand First's hand at the election, the Mood of the Boardroom survey exposes reservations among business leaders about what some see as his ambition to become prime minister — and his party's interventionist economic policies.

Peters has spent decades making himself indispensable to New Zealand politics. He has served as deputy prime minister and foreign minister, negotiated coalition arrangements with both Labour and National, and repeatedly demonstrated his ability to extract concessions from larger political partners.

Now, at 81, he wants another opportunity to shape the next government. News media have run stories saying Peters wants to be prime minister. For CEOs this raises questions about leadership, succession and whether New Zealand First's economic prescriptions would deliver the stability and growth they want.

The CEOs' comments reveal unease about a Peters premiership. One respondent said the leader should come from the largest party in a coalition. Another said Peters had done a good job as deputy prime minister and foreign minister but questioned whether he should lead the government.

"Winston is now in the Trump-Biden twilight zone. He needs to gracefully step aside," wrote one respondent.

Another expressed concern about Peters' emotional control, while a further comment suggested his premiership might be the "bottom line" for New Zealand First.

Q If New Zealand First holds the balance of power after the election, should the coalition give Winston Peters a period as prime minister?

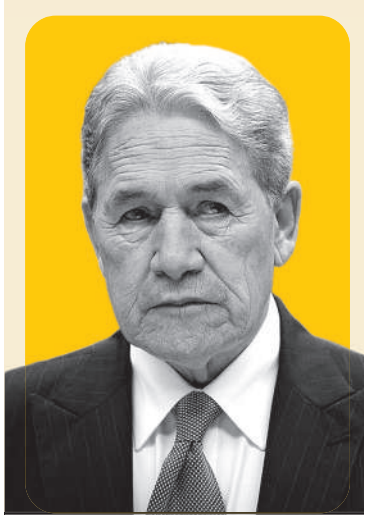


Photo: Sylvie Whinray. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

A party built around its founder

Peters remains New Zealand First's dominant figure. His senior team includes Shane Jones, a prominent advocate for regional development and resources, and Casey Costello, who brings ministerial experience.

The party's wider parliamentary bench includes Mark Patterson, representing its regional and agricultural constituency, and candidates with backgrounds in business, broadcasting, local government and public administration.

Former National minister Alfred Ngaro, broadcaster and former MP Michael Laws, former National MP Harete Hipango-Brownlie and financial-services figure Craig Stobo are among names adding breadth to the party's 2026 list. Former All Black Taine Randell and former Wellington mayor Andy Foster also bring profiles beyond traditional party politics.

Economic intervention faces a test

New Zealand First's economic programme combines regional advocacy, nationalism and intervention in markets dominated by large businesses.

Its proposal to break up electricity gentailers into separate generation and retail companies recorded an average score of 2.35 out of 5 by CEO respondents to this year's survey.

Splitting Foodstuffs into two national co-operatives to compete with Woolworths scored 1.76, while buying back BNZ and merging it with Kiwibank to create a Crown-owned bank scored just 1.42.

Electricity prices, supermarket competition and access to banking are legitimate economic concerns. The question for business leaders is whether break-ups and state ownership would improve competition, investment and productivity — or introduce fresh costs and uncertainty.

Other policies also received mixed assessments. A $1 billion national survey of energy, geothermal and carbon-storage sites, with a framework to develop them, averaged 2.74.

Leaving the Paris Agreement on climate change scored 2.10.

The proposal to hold a referendum on the Māori electorates recorded 2.67, while disestablishing Auckland Council's Independent Māori Statutory Board scored 2.79.

Tax cuts and KiwiSaver find more favour

Not all New Zealand First policies fared poorly. Compulsory KiwiSaver from birth, with a kick-start payment, received an average of 3.54/5 the party's highest score in the survey.

Returning 50% of mining royalties to the regions where mining occurs, for infrastructure also figured.

The kingmaker's next move

Peters' supporters can point to his diplomatic experience and mastery of coalition politics as valuable in an unsettled international environment. Critics will ask whether that experience is matched by a forward-looking economic programme capable of lifting productivity and attracting investment.

For business, the central issue is not simply whether Peters can negotiate his way back into power. It is what he would do with it — and whether New Zealand First can turn its promise to put New Zealanders first into policies that deliver lasting economic gains. — *Fran O'Sullivan*

CEOs deliver damning verdict on Te Pāti Māori

Internal warfare, parliamentary suspensions and a court defeat compound business leaders' doubts about Debbie Ngarewa-Packer and Rawiri Waititi.

Te Pāti Māori faces a steep credibility hurdle with business leaders, 93% of chief executives saying its co-leaders have failed to position the party as a credible coalition partner in a Labour-led government.

The finding in the *NZ Herald*'s Mood of the Boardroom 2026 survey reflects concern about a parliamentary term marked by public confrontations, internal warfare and allegations that have spilled into the courts.

Not one respondent answered yes when asked whether Ngarewa-Packer and Waititi had established the party's coalition credentials. The remaining 7% were unsure. "Too many issues — internal and external — that suggest poor leadership and undermine credibility within the wider New Zealand," one respondent said.

The party's controversies have included the November 2024 haka protest against the Treaty Principles Bill, which led to Ngarewa-Packer and Waititi being suspended from Parliament for 21 days and Hana-Rāwhiti Maipi-Clarke for seven days in 2025. This became a major flashpoint in the debate over parliamentary conduct and Māori rights.

The party was engulfed by bitter internal conflict involving MP Mariameno Kapa-Kingi and party leadership. After she was expelled, the High Court ruled the decision unlawful and ordered her reinstatement, finding the party had failed to follow its own constitutional processes. The dispute exposed serious fractures within a party that had increased its parliamentary representation from two MPs to six at the 2023 election.

"Te Pāti Māori has had a shocking term with conflict and disagreement within their own party. It's hard to see them working well with others when they cannot even work together as a party," said a utilities boss.

An energy CEO countered, "To be fair, they are taking the bait from Act, but leadership and rising above it would possibly be a better strategy."

The controversies have overshadowed the party's policy agenda. Business leaders gave low weighted-average ratings to its major tax proposals, using a scale of one to five.

Making the first $30,000 of income tax-free was the highest-rated policy, at 2.26. Taxing profits transferred offshore scored 2.01, while a ban on seabed mining received 1.86. A proposed company tax increase to 33% scored 1.33. A wealth tax on net assets above $2 million averaged 1.28, while new top income tax rates of 39%, 42% and 48% received the lowest rating, at 1.23.

Entrenching Te Tiriti o Waitangi and prohibiting Cabinet decisions that breach it scored 1.43, while a proposed Te Tiriti commission to enforce Treaty obligations averaged 1.36. One respondent warned the programme risked driving investment, employers and capital offshore, describing it as "too much tax, too much state, too much constitutional engineering".

The results suggest Te Pāti Māori has yet to persuade business leaders that its economic and constitutional ambitions can translate into workable policy and stable political partnerships.

Q Have Debbie Ngarewa-Packer and Rawiri Waititi's leadership of Te Pāti Māori positioned it to be a credible coalition partner in a Labour-led government?



Photo: Mark Mitchell. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

> It's hard to see them working well with others when they cannot even work together as a party.
>
> A utilities boss

Greens fail to convince as coalition partners

The Greens are fast gaining traction on the political left, but New Zealand's business leaders are delivering a blunt verdict on their readiness to govern: they are not convinced.

The *Herald*'s Mood of the Boardroom 2026 survey found 66% of chief executives and chairs surveyed did not believe co-leaders Chlöe Swarbrick and Marama Davidson had positioned the Greens as a credible coalition partner in a Labour-led government. Just 26% said they had, with 8% unsure.

The result exposes the challenge facing Swarbrick, in particular who has aspirations to be Finance Minister, as she attempts to turn the Greens' political momentum into governing credibility. Though some business leaders acknowledge her debating skills and growing profile, many see a party increasingly detached from the economic realities facing New Zealand.

One company chairperson argued that since former co-leader James Shaw left politics, the Greens had become more focused on a "grab bag" of issues motivating their base than on presenting themselves as a credible coalition partner focused on climate and the environment.

A dairy chief executive was unequivocal: they did not regard the Greens as credible and did not expect them to be a coalition partner. An energy-sector executive said they were more confused about the party's values than at the previous election.

A utilities chief executive warned that their growing support on the left meant a Labour-led government could be forced to cede considerable power to them.

An investment banker took a more pragmatic view, arguing that despite policies they considered unrealistic, the Greens could still be a credible partner for Labour.

Swarbrick leads, but the bar is low

Swarbrick emerges as the stronger of the co-leaders in the survey's assessment of opposition leadership performance over the past three years.

On a scale of one to five, she scored a weighted average of 2.18, ahead of Davidson on 1.69.

One local government CEO said Swarbrick was underestimated. After hearing her speak at a business breakfast, the executive and other attendees were surprised by her grasp of issues, openness and effectiveness in debate.

Davidson faces a parallel challenge: maintaining the party's focus on inequality and social justice while helping establish its credentials on economic management and coalition discipline.

Wealth tax and state ownership

The Greens' economic policies are the biggest obstacle to winning boardroom confidence.

Their proposed 2.5% annual tax on net wealth above $10 million was singled out by the New Zealand Initiative's chairman, Roger Partridge, who questioned whether the revenue could be collected reliably, citing risks from capital flight, tax avoidance and the difficulty of valuing assets.

Other business leaders warned that the party's wider economic programme could undermine investment and weaken the private sector on which public services depend.

The proposed government-owned supermarket chain, KiwiMart, also drew criticism, with respondents questioning whether state ownership would deliver cheaper groceries.

On the survey's five-point scale, zero-interest loans for household solar installations scored a weighted average of 2.65, while protecting at least 30% of New Zealand's marine area scored 2.82. A proposed 5% withholding tax on profits large tech companies send offshore scored 2.40.

Social policies fared no better. Restoring the school lunch programme and expanding it to another 400 schools scored 1.99, while legislating for a right to healthy food and creating a national food strategy scored just 1.94.

Climate identity at risk

The Greens are also facing criticism from executives who believe the party has lost sight of its environmental foundations.

A tech-sector respondent complained that there was too much emphasis on social issues and not enough on climate policy. Others questioned whether the party had moved too far from its traditional brand.

For Swarbrick, who holds the finance and climate change portfolios, rebuilding confidence will require demonstrating that environmental ambition can be reconciled with economic growth, investment and export competitiveness.

If Labour needs Green support after the election, the party could wield significant influence regardless of its standing in the boardroom.

Q Have Chlöe Swarbrick and Marama Davidson's leadership of the Greens positioned it to be a credible coalition partner in a Labour-led government?

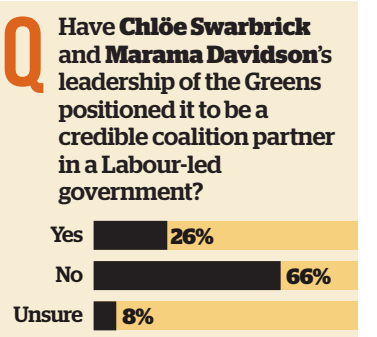




Photo: Michael Craig. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

Front bench fails to convince

Business leaders question depth, visibility and economic credentials of Hipkins' would-be government, writes **Fran O'Sullivan**

A government-in-waiting needs more than a leader and a collection of policy promises. It needs a front bench that business can identify, trust and envisage running the country.

On that test, Labour has work to do.

The *Herald*'s 2026 Mood of the Boardroom survey finds chief executives struggling to identify a convincing alternative government in Labour's senior ranks. While Finance spokeswoman Barbara Edmonds and Infrastructure spokesman Kieran McAnulty emerge as the strongest performers, the wider team attracts criticism for its lack of visibility with business, capability and a distinctive economic vision.

One executive described Labour's front bench as "deeply underwhelming", arguing it represented too much of the thinking that had damaged New Zealand's economic performance. Another said Labour had been largely silent for much of the parliamentary term, describing its approach as a "Ming vase strategy".

Edmonds and McAnulty set the pace

Edmonds tops the Labour frontbench rankings with an average rating of 3.39 out of five, followed by McAnulty on 3.31. Some 50% of CEOs rate her either a 4 (37%) or a 5 (13%) on a scale of 1-5 where 1= "not impressive" and 5= "very impressive". Megan Woods scores 2.36, Dr Ayesha Verrall receives 2.33. Hipkins is rated 2.25, followed by deputy leader Carmel Sepuloni on 2.21. Vanushi Walters on 2.00, Willie Jackson 1.79, Willow-Jean Prime 1.73 and Cushla Tangaere-Manuel 1.72.

One investment executive described Edmonds as smart and engaging, suggesting she could become a key player, but warned she would face the challenge of working with less capable colleagues. That assessment captures a broader concern: individual talent is not enough if the collective team cannot demonstrate the experience and cohesion needed to govern across complex portfolios.

Where is Labour's wider team?

A real estate executive contrasted Hipkins' approach with Prime Minister Christopher Luxon's delegation of responsibilities to ministers, arguing Labour's leader appeared to be the party's principal public voice. They questioned how many of Labour's other senior MPs were well known and said they could not recall Sepuloni speaking publicly.

The visibility issue matters. A government-in-waiting must give voters and business confidence that its prospective ministers understand their portfolios, can explain their priorities and are ready to make decisions.

Hipkins receives credit for keeping Labour's caucus together. A dairy sector chief executive thought he had led the party adequately, while another executive noted he had maintained a committed caucus without open challenges to his leadership.

One CEO said Hipkins had spent too much time trying to get re-elected and not enough demonstrating how he would take New Zealand forward. Another argued Labour had left its policy disclosures too late to establish itself as a credible alternative, waiting for the Government to make mistakes rather than actively challenging it.

Policies expose economic divide

Labour's policy ratings offer some clues to where its front bench is connecting with business – and where it is not.

Targeted small-business measures fare comparatively well. Raising the compulsory GST registration threshold to $80,000 scores 3.29 out of five, while allowing small businesses to immediately write off up to $10,000 of new equipment scores 3.37.

The party's commitment to return to surplus by 2029/30 and reduce net debt to about 20% of GDP scores 3.08.

Several prominent employment, tax and regulatory proposals attract much weaker ratings. Reinstating Fair Pay Agreements scores 1.71, removing the 20% Investment Boost deduction for new business assets 1.78, and reversing the coalition's pay-equity changes 1.84.

Labour's proposed 28% capital gains tax on residential and commercial property, excluding specified assets such as the family home, scores 2.38.

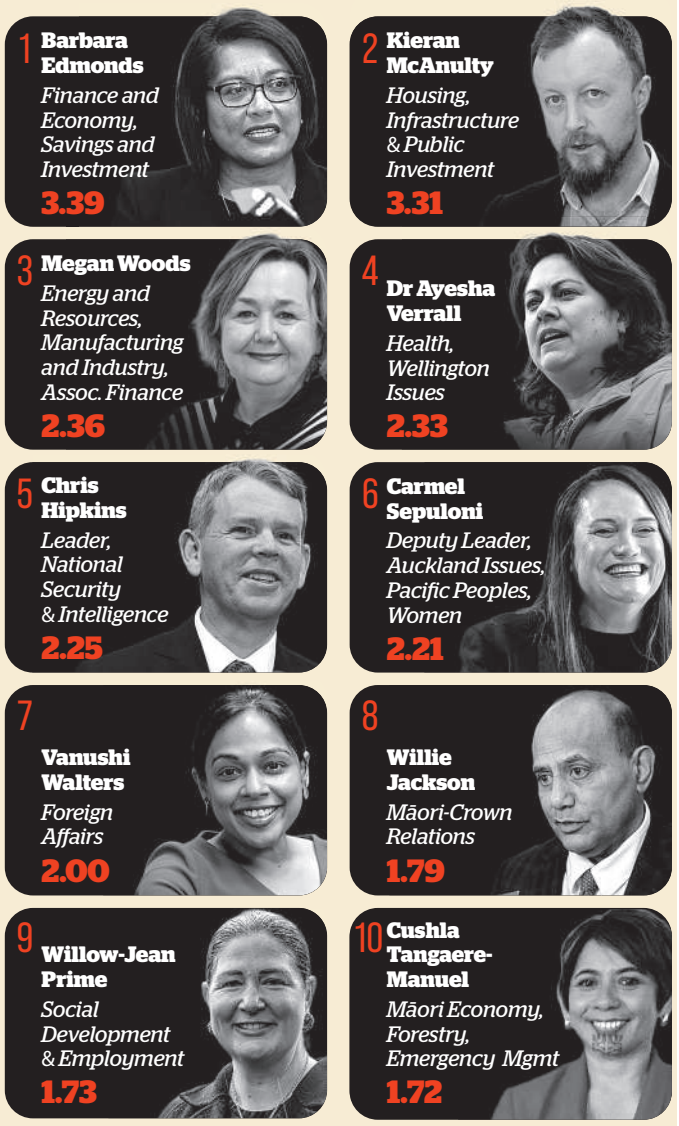
The message for Labour's prospective ministers is that policy ambition needs to be accompanied by a credible explanation of costs, incentives and economic consequences.

One leisure industry executive questioned whether Labour could deliver its commitments without materially affecting debt levels, adding that there was no clear explanation of how some initiatives would be funded.

Another CEO argued that government expenditure of 33% of GDP could be acceptable if taxpayers received value for money.

Labour's frontbench rated

Performance rating: **1 = Not impressive • 5 = Very impressive**



Photos: Mark Mitchell, Michael Craig, Jack Riddell, Cameron Pitney, Andy Thompson, RNZ, Getty Images
Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphi



MOOD OF THE BOARDROOM 2026

The prescription for a brighter future

Roger Partridge lives and breathes public policy. The chair and senior fellow at the New Zealand Initiative business think tank gives his perspective on the three top issues facing the nation and what he thinks is necessary for a prosperous future.



1 Productivity

The issue: Real wage growth depends on productivity growth, yet productivity has been flat for a decade and weak for nearly three.

The outcome is that we sit in the bottom half of the OECD for income per person. We have fallen from second in the OECD for regulatory quality in 1998 to twentieth, and now rank last for administrative burden.

Only about half of regulatory impact statements meet the Government's own quality standard, and agencies face no consequence for keeping unnecessary rules once they are made.

Remedy: Every regulation, new and existing, should have to show benefits to New Zealanders that exceed its costs, with periodic reassessment so accumulation does not resume the moment political attention moves on. The Regulatory Standards Act is a start, but it is a mild measure that does not force compliance.

Two reforms also need finishing. Overseas investment screening should rest on national security grounds alone, and foreign capital should otherwise be treated like domestic capital.

And the school reforms are the best long-run investment in productivity we have. We will never have a highly productive workforce if we don't have a well-educated one. The Government's education reforms are showing promise. The share of new entrants meeting the phonics standard rose from 36% to 58% in a single year. Children who do not learn to read in their first years seldom catch up. The last wrong turn in our classrooms ran from 2007 until last year before anyone acted on the results. Government must hold the course on Education Minister Erica Stanford's reforms.

2 The public finances, and superannuation above all

The issue: Successive governments have spent more than they have raised every year since the pandemic, and about half the current deficit is structural rather than cyclical.

A government elected in 2023 to repair the books will have borrowed some $34 billion over three years, close to 60% of the country's entire net debt before the pandemic. Treasury projects debt reaching 200% of GDP by 2065 on current settings.

The driver is no secret: seven working-age New Zealanders supported every retiree in the 1960s, four do today, and two will by 2065.

Remedy: Link the superannuation age to how long we live — automatic, gradual and signalled a decade ahead — and establish a Parliamentary Budget Office. National has set fiscal targets and proposed nobody independent to test them. Labour has proposed the office, and promises that will need testing. Both halves are necessary. Government forecasts and party promises alike should be tested by somebody other than the people who make them.

3 Public service performance and accountability

The issue: New Zealand runs 43 departments and more than 80 ministerial portfolios, when comparable countries manage with about half the departments and a third of the portfolios. Ministers can neither appoint nor remove the chief executives of their own departments. A company's biggest day of the year is its results announcement. Government's biggest day is Budget day, which is about what will be spent. There is no day for what the spending achieved.

Remedy: Publish each agency's outcomes beside its money every year — literacy rates, waiting lists, beneficiaries into work — make a department chief executive's tenure depend on delivering them, thin the machine so the address for failure is easy to find, and put the lot in statute so it survives a change of government.

The top 10 issues facing New Zealand

The message from business leaders responding to the NZ Herald's Mood of the Boardroom survey is that New Zealand's problems are interconnected: weak productivity, inadequate infrastructure, political uncertainty and declining confidence are holding back growth, while mounting pressures on health, housing and retirement threaten the country's longer-term prosperity.

CEOs are not simply asking for more government spending or less regulation. They want a credible long-term economic direction, consistent policy, better public-sector performance and cross-party agreement on issues that cannot be solved within a three-year electoral cycle.

The top 10 issues — and what CEOs say should be done

1 Productivity and economic growth

CEOs see persistently weak productivity as the underlying problem behind poor wage growth, declining living standards and New Zealand's loss of competitiveness. Respondents point to inadequate innovation, low technology adoption, insufficient investment and a failure to turn the country's natural advantages into greater prosperity.

How they would solve it:

- Make productivity and innovation national priorities, with greater investment in research and development.
- Accelerate adoption of AI, digital technology and automation.
- Improve education, vocational training and workforce skills.
- Encourage business investment through stable policies, stronger competition and simpler regulation.
- Develop a clear national growth strategy, with targeted investment.

The central message: New Zealand needs to grow the economic pie, not simply redistribute it.

2 Political uncertainty and short-term policymaking

Political instability, policy reversals and ideological swings are undermining business confidence. CEOs worry governments repeatedly change direction before reforms have time to work, while coalition bargaining and populism make long-term decisions more difficult.

How they would solve it:

- Establish bipartisan agreement on major long-term priorities.
- Provide greater stability and certainty in regulatory and economic settings.
- Allow policies to be implemented and evaluated before changing them.
- Adopt a more consistent, outward-looking approach to trade and international relationships.
- Encourage political leaders to prioritise national prosperity over electoral advantage.

The central message: Businesses need predictable rules and a government focused on solutions, not perpetual policy churn.

3 The infrastructure deficit

CEOs highlight inadequate investment, high construction costs, slow delivery, consenting delays and the waste created when projects are repeatedly postponed or reprioritised.

How they would solve it:

- Deliver a long-term national infrastructure programme that survives changes of government.
- Secure bipartisan support for priority projects and sustainable funding.
- Improve project selection, planning, procurement and delivery.
- Speed up consenting and address regulatory barriers.
- Welcome private and overseas capital on appropriate commercial terms.
- Improve management of existing public assets, not just construction of new ones.

The central message: Agree on what the country needs, fund it properly and get it built.

4 Cost of living and declining affordability

The cost of living is a recurring concern, encompassing housing, food, fuel, energy and the pressure on households when incomes fail to keep pace with costs. Several CEOs argue that the deeper problem is an income and productivity crisis, rather than prices alone.

How they would solve it:

- Lift productivity to support higher real wages and incomes.
- Reduce unnecessary compliance and operating costs for businesses.
- Increase housing supply and improve infrastructure provision.
- Consider targeted tax relief and adjustments to income tax thresholds.
- Improve competition in concentrated markets, including groceries, banking and energy.
- Maintain credible fiscal policy to help contain inflationary pressures.

The central message: Sustainable affordability depends on stronger incomes and a more productive economy, alongside measures that reduce structural costs.

5 Government debt, spending and public-sector performance

CEOs are concerned about the sustainability of public finances and whether taxpayers are receiving value for money. Some see excessive bureaucracy, duplication, poor accountability and spending that fails to deliver measurable results.

How they would solve it:

- Reduce waste and non-essential spending across central and local government.
- Set clear performance targets and measure outcomes.
- Streamline government agencies and reduce unnecessary layers of management.
- Improve accountability for public-sector leadership and service delivery.
- Address long-term fiscal pressures, particularly superannuation.
- Consider a more disciplined approach to local-government spending and rates.

Views differ on the scale of cuts required, but the common demand is for greater efficiency and demonstrable results from public spending.

6 Energy security, affordability and resilience

Reliable, affordable energy is seen as a prerequisite for economic growth and industrial investment. CEOs identify fuel-price exposure, electricity supply and pricing, dependence on fossil fuels and uncertainty over energy policy as major risks.

How they would solve it:

- Develop a long-term, 30-year national energy strategy covering generation and distribution.
- Provide stable regulatory settings to encourage investment in new supply.
- Accelerate the transition to reliable, domestically produced clean energy.
- Treat energy security as critical economic infrastructure.
- Improve supply-chain resilience and acknowledge the role of private investment in the energy transition.

The central message: Energy policy needs to deliver security, competitive prices and lower emissions without undermining economic performance.

7 Health-system sustainability and access

CEOs highlight pressure on hospitals, workforce shortages, inadequate primary care, rising costs and concerns about access to treatment and medicines.

How they would solve it:

- Develop a long-term health investment and reform strategy.
- Strengthen primary care, diagnostics, prevention and early intervention.
- Improve workforce capacity and retain doctors and nurses.
- Reduce bureaucracy and improve operational performance.
- Make greater use of digital health, technology and innovative medicines where these improve outcomes or reduce longer-term costs.
- Establish bipartisan agreement on the health system's future structure and funding.

The central message: Reform should improve frontline access and health outcomes, rather than concentrate solely on short-term cost containment.

8 Skills shortages, education and the loss of talent

CEOs worry weak educational outcomes, gaps in vocational training and the departure of skilled New Zealanders are undermining future productivity. They identify barriers to attracting international talent.

How they would solve it:

- Improve foundational education and maintain consistent direction for school reforms.
- Align vocational training and tertiary education with business needs.
- Develop an integrated workforce strategy linking education, immigration and skills shortages.
- Reduce unnecessary barriers to recruiting qualified migrants.
- Invest in innovation and create attractive, high-value jobs to retain young people.
- Improve links between universities, research institutions and industry.

The central message: New Zealand needs to develop the skills it requires, attract talent where necessary and create opportunities that persuade people to stay.

9 Ageing population, superannuation and retirement funding

CEOs are concerned about the growing fiscal cost of an ageing population, the sustainability of superannuation and the adequacy of national savings. They see this as an issue successive governments have avoided because the necessary decisions are politically difficult.

How they would solve it:

- Build cross-party agreement on long-term retirement-income settings.
- Gradually raise the age of eligibility for superannuation, with a fair transition, as suggested by several respondents.
- Strengthen KiwiSaver and the country's savings culture.
- Improve long-term fiscal planning and assess costs of current settings.
- Address health and aged-care funding pressures through prevention and improved workforce productivity.

The central message: The country needs to confront the demographic arithmetic now, rather than pass an increasingly expensive problem to younger generations.

10 Social cohesion, inequality and declining national ambition

Some CEOs warn political polarisation, populism and widening social divisions are weakening the country's ability to make difficult decisions. Others point to poverty, youth unemployment, disadvantaged children and communities left behind by economic change.

How they would solve it:

- Promote constructive political debate and reduce divisive, short-term electioneering.
- Establish a clear national vision that businesses, communities and government can work towards.
- Address poverty and inequality through effective education, health and social services.
- Improve pathways into employment for young people and disadvantaged groups.
- Balance environmental sustainability with the need to earn export income and expand the economy.
- Encourage leaders to focus on shared national interests and long-term opportunity.

The central message: Economic growth needs social trust, a sense of direction and confidence that people can participate in the country's future.

- The Herald used AI to summarise 150 individual views from CEOs who were asked to identify the top three issues facing the nation and how they would solve them. Individual views are sprinkled throughout the Mood of the Boardroom report to give a flavour of "the mood".

Kiwi business needs animal spirits

The Mood of the Boardroom survey finds more than half of CEOs are unconvinced business is taking the risks needed to drive growth, writes **Fran O'Sullivan**

New Zealand business leaders are not short of ambition. But when it comes to putting capital behind it, too many are still playing defence.

That is the verdict from the *Herald*'s 2026 Mood of the Boardroom survey — only 3% say business leaders definitely have the appetite to invest, innovate and take calculated risks, while 39% believe they mostly do.

But 58% of respondents say business leaders are not really — or definitely not — displaying enough "animal spirits" to drive the next phase of economic growth.

The findings give Prime Minister Christopher Luxon's controversial Rotorua speech — in which he challenged business to get on with business — some backing, while highlighting the conditions CEOs say are holding them back.

"There's plenty of ambition in New Zealand business, but too much energy is still going into managing uncertainty rather than backing growth," says Kirsten Patterson from the Institute of Directors. "Some New Zealand boards are very good at asking what could go wrong; we need to get much better at asking what could go right. If the risk register dominates the boardroom and the opportunity register is missing, we shouldn't be surprised when investment, innovation and growth stay cautious."

It is a sharp critique of corporate decision-making — and a reminder that the investment deficit cannot be blamed entirely on Wellington.

Yet the survey also delivers a strong message to politicians: businesses making long-term investment decisions need confidence that the rules will not change every three years.

Company chairperson Sarah Ottrey, whose sectors include food and fast-moving consumer goods and aviation infrastructure, says companies in capital-intensive industries plan over long horizons, making New Zealand's short political cycle a significant impediment.

A strong balance sheet can withstand policy shifts, she says, but confidence to increase investment, innovate, outperform and grow the workforce requires a longer-term New Zealand Inc approach.



We can lead New Zealand out of this funk, we just have to believe as business leaders and get on and invest.

Roger Gray, Port of Auckland

A utilities chief executive says businesses investing on 30-to-50-year horizons cannot afford to stop every time an election approaches. "Business leaders need to stop waiting for the Government or election cycles," the CEO says.

"We have a three-year election cycle, and we just have to get on with things."

The price of caution

There is a growing concern that defensive management has become embedded in corporate culture.

An education CEO delivers one of the survey's most cutting assessments: "Too many boards are running a retirement village for capital. We have a generation of directors whose boldest move this year was approving a consultant's report on AI."

The challenge is not simply whether companies are spending enough, but whether boards are prepared to back new technology, develop markets and make decisions that may not deliver immediate returns.

Beca CEO Amelia Linzey says New Zealand businesses have spent recent years building resilience. The next phase needs to be about ambition. "We will not outperform our way to prosperity solely by becoming more efficient. We also need to be more ambitious, more innovative and more willing to purposefully invest in the future we want."

Foodstuffs Northern CEO Chris Quin, meanwhile, backs the underlying message of Luxon's Rotorua remarks: business needs to get on with business, while the Government gets the settings right.

Q Are NZ business leaders displaying enough 'animal spirits' — willingness to invest, innovate and take calculated risks — to drive the next phase of economic growth?

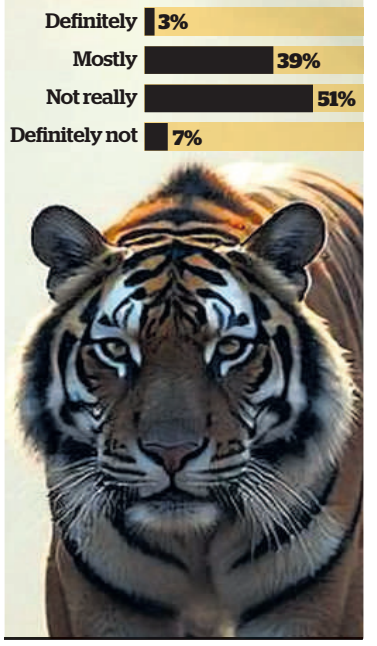


Photo: 123RF. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic

Companies are not asking for subsidies, protection or special treatment, he says. They want stable, predictable conditions that give them confidence to invest and compete.

"The more governments attempt to prescribe behaviour through regulation, penalties and intervention, the harder it becomes to create the confidence and animal spirits that drive growth."

A national fear of failure?

Some respondents see a deeper cultural problem.

Tower's Paul Johnston says New Zealand could learn from international markets that are more unapologetic about growth.

"As a country, we get too worried about failure, getting it wrong or disappointing people. Growing means taking calculated risks, backing good ideas, and accepting that you won't please everyone all the time."

Hinerangi Raumati of Tainui Group Holdings is equally blunt: "New Zealand business seems particularly depressed. Business leaders need to lead and stop waiting for someone else to provide the solution."

Auckland Business Chamber's Simon Bridges acknowledges that there are pockets of animal spirits, but says more is needed — and that Government has a role in enabling it.

"While it would be great to see more animal spirit from Kiwi businesses, there are odd pockets of it and, in fairness, it requires the right enabling settings from Government to allow for it.

"This is still very much a work in progress."

The caution is not universal. A company chairperson says the businesses they oversee are accelerating investment in growth, innovation and productivity. A technology boss reports that most business leaders they speak with have growth ambitions and want to keep improving.

Others point to smaller enterprises as more willing to move.

But the broader picture is complicated by weak domestic conditions, constrained margins, global geopolitical volatility and uncertainty over future policy settings.

A banker says international volatility and a sluggish economy are keeping many businesses cautious, while an entertainment executive expects 2027 to be a recovery year but says short-term margin pressure is affecting investment sentiment.

For some companies, survival remains the priority. Haumaru Housing chairperson Adrienne Young-Cooper says businesses facing lower activity may need to cut costs or divest to survive, while retaining the capability to grow quickly when conditions improve. That is a more nuanced picture than simply accusing business of lacking courage.

Mainfreight CEO Don Braid says there is enough confidence, but asks: "Could we all do more? That answer has to be yes."

The challenge now is to turn that confidence into action.

As Roger Gray, chief executive of Port of Auckland says, "We can lead NZ out of this funk, we just have to believe as business leaders and get on and invest."

Plan for growth — not just efficiency

Vector group chief executive officer Chris Blenkiron wants the Government to play a more interventionist role in the economy, writes **Bill Bennett**

Vector group chief executive officer Chris Blenkiron wants the Government to play a more interventionist role in the economy.

"The age of neoliberalism, open markets and free markets served us very well through the Key and English Governments as well as the governments before and after," says Blenkiron. "But now the world is a different place. I don't believe that there is a free market in a strategic industry anywhere in the world."

Blenkiron argues that the Government has focused on finding efficiencies but has done little to set out a plan for economic growth. A more strategic approach would see government and business work together to identify industries where New Zealand can build an advantage and decide which sectors to encourage.

When it comes to the energy sector, he believes the discussion needs to move beyond setting yet another energy strategy. What New Zealand needs, he says, is longer-term planning around its abundant renewable electricity.

"What's never really that clear is once we have those green electrons of various size and magnitude, what do we want to use them for? I think that is far more interesting and far more valuable," he says.

Cloud computing, AI and data centres represent a potentially lucrative use of our renewable electricity.

"Data centres provide an enormous economic opportunity for this country, but they should come with some clear settings."

Blenkiron says data centres should bring their own energy with them. "They should have strong environmental credentials that we hold them to account for. We should make sure that they're contributing overall to the national good in this country."



I don't believe that there is a free market in a strategic industry anywhere in the world.

Chris Blenkiron

At the same time, he thinks we can't simply leave decisions about building data centres to market forces. Government intervention in this area is increasingly important as governments in the economies we compete with take a more strategic approach.

New Zealand has a strong competitive advantage in renewable energy, which puts the nation in an enviable position.

"The world over, countries are desperate to transform their electricity sectors into 80% to 90% renewables. We have that as our starting point."

There is some urgency to make use of this advantage; he doesn't think this will be around forever.

Vector is also planning for the growth in demand from more datacentres. "We've got a healthy electricity network that is growing, but we continually need to invest in that network to make sure that it's ready for not just today, but also tomorrow."

The lines company plans to invest $5.4 billion between 2026 and 2036.

While Blenkiron says the company's investment appetite is greater than 12 months ago, he fears "continued political interference" could derail those plans.

Energy security remains a significant concern for New Zealand.

While Blenkiron is fully behind the electrification of the economy, that does not mean abandoning gas.

"When we say electrify everything, I think that's the goal.

"However, the timelines that attach to that will be different for varying processes.

"For those that can electrify, we should electrify them as much and as quickly as possible to free up the gas for those that really do need it. We will need more firming back-up, which largely will come from coal or gas."

Blenkiron wants the Government to be clear about what it wants New Zealand's renewable electricity to be used for. He describes the energy transition as an opportunity.

"Having everybody aligned to what we can use this energy for and then moving as quickly as possible towards it, not debating every setting and debating everything around it, I think is critical."

Vector is a sponsor of the Herald's Mood of the Boardroom report.

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The AI Reckoning

Artificial intelligence has quickly become a topic NZ's chief executives cannot ignore, writes **Tim McCready**

Asked to name up to three issues most likely to keep them awake at night, 34% of respondents to this year's Mood of the Boardroom survey chose "adopting AI effectively".

That puts it ahead of sourcing skilled staff (22%), cyber security (22%) and achieving revenue growth (28%). Only the impact of policy uncertainty (39%) ranked higher.

AI is now firmly embedded in New Zealand's boardrooms, but the harder work of redesigning businesses and jobs around it has only just begun.

"AI and cyber threats are at a whole new level of concern," says Simplicity founder Sam Stubbs. "If it isn't a top three concern for executives, it should be."

AI moves into the mainstream

Asked which investments their companies plan to make in the next 12 months, almost every respondent is either already giving staff generative AI tools or considering doing so.

Some 75% say they have already rolled out generative AI tools, and another 24% are considering it.

The pattern is similar for automating processes and systems: 69% are already doing it and 28% are considering it.

AI agents — software that can carry out entire workflows rather than assisting with individual tasks — are moving quickly into business. Just over half (55%) of respondents say they are already using them, and a further 38% are considering doing so.

Governance policies are keeping pace with adoption. Some 75% already have an AI governance and risk policy in place, and 24% are considering one.

The harder work starts now

Only 40% of respondents say they have redesigned roles around AI — less than half the proportion already giving staff AI tools.

It is also the area with the largest group still undecided: 41% are considering redesigning roles and a further 15% have no plans to.

Predictive AI, which uses data to forecast demand, risk or customer behaviour, has a similar profile: 45% are already using it and 41% are considering it.

AsureQuality, which won this year's Best ICT Team Culture & Inclusion Award, was one of the few respondents to have already made every AI investment on the survey's list, including redesigning roles around AI. Yet it expects no material change in headcount as a result.

Chief executive Kim Ballinger says the company didn't treat AI as a technology project. Instead it built a "movement", linking communities of practice, strategic planning and modern ways of working.

"Successful digital transformations start with people," she says. The result is "an inclusive, frontline-connected workforce equipped to embrace digital, technology and AI change with confidence".

Others have made the leap too. "We have doubled our profit by re-engineering our business model to adapt to changes with AI," says Plato Creative managing director John Plato.

A non-profit chief says their best achievement of the year was "using AI to completely transform all our business processes".

Beca group chief executive Amelia Linzey says the firm has "broadened the conversation from business performance to focus on innovation, AI as a tool for improved productivity and effectiveness in delivery, ownership culture, positive impact and long-term resilience".

Deloitte chief executive Mike Horne describes the challenge as "building our workforce of the future — the skills, capability and fungibility required for an integrated human and AI-enabled workforce.

"This is a skills, confidence and enablement exercise."

A financial services leader credits "rapid training, adoption and implementation of AI alongside a permissive risk culture to support the use of these tools".

AI as a cost-cutting tool

As businesses brace for economic uncertainty, AI has become one of their main tools for cutting costs.

Asked what actions they are taking or contemplating to safeguard against economic challenges over the next 12 months, 54% say they are already using AI to reduce costs.

A further 39% are considering it. Just 6% have no plans to.

Only general operating cost reductions (57%) are more widespread. By comparison, just 25% say they are reducing their workforce, 15% have imposed hiring freezes and 15% are slowing investment.

Fewer jobs or different jobs?

Asked what effect AI will have on their company's total headcount over the next three years, 41% of respondents expect a decrease. A

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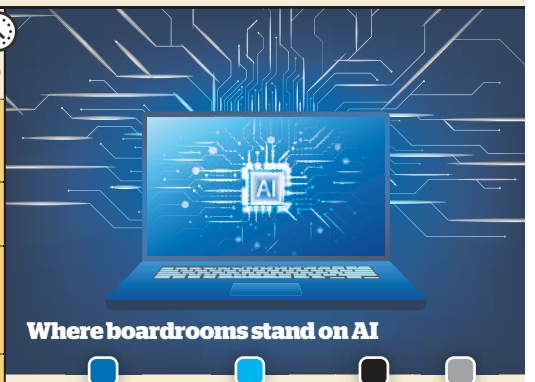
CEOs on AI in business

What keeps CEOs awake at night

Impact of policy uncertainty	39%
Adopting AI effectively	34%
Achieving top-line revenue growth	28%
Regulatory challenges	24%
Sourcing and retaining skilled staff	22%
Ensuring cyber-security	22%

Expected effect of AI on total headcount over the next three years

▼ Decrease	41%
● No change	49%
▲ Increase	7%
Unsure	3%



Where boardrooms stand on AI

	Already implemented	Considering	No plans	Don't know
Generative AI tools for staff	75%	24%	1%	0%
AI governance and risk policy	73%	22%	5	0%
Automating processes and systems	69%	28%	2%	1%
AI agents	55%	38%	5	2%
Predictive AI	45%	39%	10%	6
Redesigning roles around AI	40%	41%	15%	4

Images: 123RF. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network graphic



AI is a major opportunity, but it needs disciplined focus. The challenge for leaders is to be ambitious without being distracted by every new tool or expensive solution. For us, the priority is making sure AI delivers real benefits, not only through efficiency, which is easier to measure, but through growth, innovation and better outcomes for customers. The risk is that New Zealand talks itself into a negative economic mindset and loses momentum on innovation, investment and opportunities for growth.

Paul Johnston, Tower

'Access does not equal benefit'

Datacom CEO Greg Davidson warns that AI adoption does not mean business progress, writes **Bill Bennett**

Datacom CEO Greg Davidson warns against confusing adoption of AI with progress.

"Access does not equal benefit," Davidson says. "There isn't a correlation between giving everybody access to AI and getting economic benefit to your organisation; or even momentum."

The reason is that when AI looks like plain English and everyone can have a go, organisations skip the hard part: judging whether it's doing the job well enough. "Not enough organisations are understanding it or going to the effort to invest in that," he adds.

AI is near universal among larger New Zealand businesses. Datacom's 2026 State of AI Index found 91% of surveyed organisations use the technology. That's up from 66% two years ago.

Although AI use is now mainstream, in practice most organisations surveyed by Datacom are still in the early stages of maturity. Only 4% said it has transformed their core operations, while 81% remained in the exploratory phase or operate at a departmental level.



AI's risk profile shifts dramatically as organisations move from passive chatbots to autonomous AI agents that perform work. With conversational chat, a human sees and verifies every answer. With an agent, Davidson notes, businesses must either prove the system outperforms a human or maintain human oversight.

"What's the difference between a rogue spreadsheet and a rogue AI agent?" he asks. "The spreadsheet waited until you pressed enter."

Because agents operate autonomously, they require rigorous pre-deployment testing using evaluation frameworks known as "evals." Davidson also recommends tracking how often staff override AI outputs. "If they're never overriding it, then we fully delegate it."

Datacom's Index data shows few New Zealand organisations have established these controls. Only 38% mandate a human-in-the-loop for AI-assisted decisions, 29% conduct regular system audits. Just 22% report on AI governance to the executive team or board.

> What's the difference between a rogue spreadsheet and a rogue AI agent? The spreadsheet waited until you pressed enter.
>
> Greg Davidson, Datacom CEO

Davidson says that this discipline isn't hard to put in place.

Knowing where not to use AI is equally vital. Davidson points out that core deterministic tasks, such as payroll calculations, should remain built on proven, traditional software code rather than probabilistic models. Traditional code is faster, cheaper and exact. AI adds value when interpreting complex payroll policy against official documentation; provided clear boundaries are set.

"It's important to be really clear on what you're okay with an agent doing and deciding and where you aren't willing to trust or delegate that activity," Davidson says.

Governance accountability remains uncommon. Only 22% of New Zealand enterprises have a dedicated AI executive, while 26% have tacked the responsibility onto an existing C-suite role.

Cost is still an operational hurdle in AI adoption. AI infrastructure companies bill users on their consumption of tokens. Costs can balloon rapidly.

At Datacom, internal token consumption spiked sixfold between January and September. To manage costs, Datacom implemented evals to systematically route heavy users from top-tier models to lower-cost models without degrading quality.

Unmonitored, fast-acting agents present an even greater cost risk. Davidson says when they operate at speed, organisations can quickly rack up big bills. While 79% of enterprises expanded their AI budgets this year, 15% reported unexpected cost overruns. Twenty per cent have yet to institute formal cost management protocols.

Beyond operational controls and token economics, Davidson says external vendor dependency represents the single largest strategic vulnerability boardrooms face.

Datacom's research reveals that 45% of business leaders are concerned about over-relying on a single AI provider. That risk became concrete this year when access to Anthropic's flagship Fable and Mythos models was temporarily suspended following offshore jurisdictional rulings.

Then there is the broader issue of data sovereignty. Davidson dismisses superficial definitions of sovereignty, urging directors to consider three practical tests:

- Operational Resilience: Where do your primary data and identity management systems physically reside? How quickly can you recover if that region fails?
- Jurisdictional Reach: Which foreign governments can lawfully compel access to your company's assets?
- Economic Value: Which national economy ultimately captures the financial upside of the technology? This makes digital infrastructure a matter of national resilience and strategic importance.

While New Zealand has consented two major AI-scale data centres exceeding 100 megawatts, Davidson argues these facilities must be built and operationalised locally rather than treated as speculative real estate assets.

He calls for multi-region redundancies (planning) outside Auckland and opportunities for domestic capital investment.

Ultimately, Davidson's primary concern returns to people, to human capability. He says generative AI is proving to be a double-edged sword for workforce development.

While it is "vastly improving" the immediate output of junior staff, he warns it risks "destroying their opportunity at mastery." By automating early-career tasks, organisations risk removing the foundational learning curves that build senior expertise.

Datacom is a sponsor of the Herald's Mood of the Boardroom report

MOOD OF THE BOARDROOM 2026

Why AI is demanding attention

Fran O'Sullivan talked to Dame Therese Walsh about how boards of directors should govern for artificial intelligence

Dame Therese Walsh is currently chairwoman of Air New Zealand and ASB Bank, giving her a valuable perspective across aviation, banking, technology, customer data and risk. Notably, Air New Zealand's board specifically identifies technology and digital innovation, including oversight of digital transformation and cyber risks, as a board capability.

Herald: Has AI now become a boardroom issue rather than a technology issue? What's changed?
Walsh: Yes absolutely. That is because boards are registering the speed, breadth and potential impact of AI, and importantly that it could impact trust which is an organisation's most important asset. Some risks and issues are considered by boards in committees. AI is now so broad reaching as both a risk and an opportunity that it is now being considered regularly at the main board tables I sit at.

From a governance perspective, this isn't solely a technology issue. It touches strategy, customer and employee experiences, operating models, capital allocation and the list goes on. Boardrooms, from my experience, are pivoting quickly to treating AI as a key strategic issue demanding much attention.

What evidence do you need to see before you believe an AI investment is genuinely delivering a return?
We are increasingly moving beyond broad organisational uplift in capability and reviewing use cases to looking for evidence at the boardroom of a genuine return to the business. So there is a call from boardrooms to executive teams to prove an uplift in customer experience, quicker more efficient processes, and economic value delivered. For example Air NZ is now developing AI tools to take dozens of pieces of information and recommend optimal decisions in severe weather impacts to allow normal operations to restart more quickly. No single human or team could optimise across the same number of variables.

From a banking perspective, external fraud and financial crime are on the increase and AI is highly effective at identifying patterns, anomalies and emerging threats in large data sets so it is, and will increasingly be, a formidable tool to use against an increasingly difficult societal issue.

Are boards demanding enough accountability from CEOs for the productivity gains they expect from AI?
Probably not. While the right questions around productivity gains and economic value are starting to be asked more consistently, we are only at the beginning. So key focus areas have tended to be more about adoption, exemplars and systems.



However, there are two key issues broader than short term productivity gains that demand attention. Firstly, AI is creating real and present security risks on a significant scale and these are currently dominating boardroom conversations. Although cyber risk has been around for a while, we have managed this through controlling as best we can the high risks as they are assessed. Emerging AI models turn this on its head where combinations of low risks can expose a company to significant impacts. How to govern for this is being grappled with, and while models are starting to emerge this has not been solved for yet.

Secondly, boards require their CEOs to articulate the operating model needed to take advantage of AI within the organisation. Enterprise wide transformation is often required to take advantage of the opportunities AI presents. Simply inserting AI into current business structures and processes is unlikely to maximise its benefits.

If AI delivers a major productivity dividend, who should capture it — shareholders, customers or employees?
Ultimately all of the above. Aligning the commercial drivers for shareholders, customers and employees will always be the most sustainable and productive way forward. However, it is early days and things are volatile so value could skew in different directions while it is building.

Does AI ultimately mean fewer people doing more work, or more people doing higher-value work?
Both. AI already is and has the potential to further eliminate administration tasks and more quickly analyse data. It will shift job opportunities. It should allow people to spend more time in roles exercising judgment, solving problems, and serving customers.
However, it isn't a linear transition, so a board's responsibility is to manage the transition thoughtfully and transparently. The key question for a board is whether we're deliberately redesigning work, roles and capability rather than simply layering AI on to today's organisation.

What worries you more: that New Zealand businesses will adopt AI too slowly, or that they will adopt it without changing how they operate?
Both are risks, but adopting AI without changing the operating model will likely be the more expensive mistake.

New Zealand businesses cannot afford to be slow adopters. Things are moving too fast for that. However, superficial adoption may be even more dangerous, because it creates the illusion of progress while competitors fundamentally reinvent how work is done. Boards need to grapple with this point and understand where the executive teams are driving the future operating model.

New Zealand has had a productivity problem for decades. Can AI genuinely change that equation?
AI adoption does not equal productivity gains. AI adoption alone won't change our productivity problem, using it alongside enterprise transformation, however, creates a real opportunity. We have a small population, so AI allows us to essentially grow the capability we can't solve through immigration. It allows us to do more with the population base we have.

What is the biggest AI risk that boards are currently underestimating?
The fastest-growing threat that we are all grappling with is cyber security. Anthropic's Mythos work is quite sobering. AI changes the economics of cyber attacks. For me it is not about boards underestimating the risk, it is about how to mitigate the risks that is the hardest part. The basic issue is: Can our cyber defence keep pace with the offensive capability of AI? I don't believe there is a company in New Zealand who can answer that question confidently.
However, perhaps the most underestimated risk is not moving fast enough on enterprise transformation. It is a bit like buying a tractor to plough the fields faster, and then we harness the cattle to the tractor so they can both pull it only to slow things down.

> The most underestimated risk with AI is not moving fast enough on enterprise transformation. It is a bit like buying a tractor to plow the fields faster, and then we harness the cattle to the tractor so they can both pull it only to slow things down.
>
> Dame Therese Walsh

Are New Zealand companies becoming too dependent on a handful of overseas technology companies for critical AI infrastructure, models and data?
Global company concentration risk is an issue that deserves board attention. We already manage dependency on critical suppliers in many parts of our businesses. AI should be no different. We are unlikely to build many foundation models at global scale in New Zealand, so partnership is inevitable.

While partnership is important, dependency without options is something quite different. So the strategic question for boards to consider is what capability, data, IP, and optionality we need to retain ourselves.

Five years from now, what will we look back on and realise we completely misunderstood about AI?
It is hard to know but, if I had to pick something, it's that there is a big focus on what AI can do not how to change organisations to use it. But I think we will all look back and think we should have moved faster in both public and private sectors to use AI as a way to get ahead.

Looking across aviation and banking, two highly data-intensive industries, where do you see AI having the greatest potential to change the economics of the business?
Both industries have enormous amounts of data, complex operations and thousands of decisions being made every day. The largest prize is probably not one spectacular thing but thousands of decisions being made better and more easily.
At the moment there are many areas across aviation and banking exploring or using AI to improve processes especially in customer self service and knowledge building with customer facing teams, through to engineering modernisation, and weather disrupt decision making.

What can a bank or airline safely delegate to AI — and what should always remain a human decision?
Overall AI powered decision-making at pre-approved levels is already starting to be implemented in many organisations. But for me — and I would guess for many organisations — material decisions or ones which require a lot of judgment are not being delegated.

For aviation, any decisions affecting safety or airworthiness would have to meet a high bar as efficiency will never outrank safety.

In banking, while AI may increasingly make recommendations, customers must have confidence that decisions made are fair, explainable and subject to appropriate oversight. So human accountability will always be retained.

Would you be comfortable with AI making a decision that materially affects a customer's financial position or travel experience without human intervention?
Potentially, but it depends on the consequence and the ability to remedy it. Automation is not new and so AI doesn't change that, but customers need to know that there are safeguards and an effective path to human intervention. Whatever technology or way of working any organisations uses, efficiency cannot come at the expense of fairness or trust.

What have you learned from seeing AI adoption from two different boardrooms — ASB and Air New Zealand — that you would apply to other companies?
There is no one formula, and experimentation is important to get things going.

But the key thing I have seen at both Air New Zealand and ASB is that AI should not be treated as a technology programme, but a business transformation programme, and thinking that way at a governance level is key to unlocking the benefits of AI. Ultimately the question for boards is no longer whether AI will reshape their industry but whether the organisation is prepared to reshape itself.

And finally security, security, and security. There is a whole tsunami of unknown security risk coming at us from AI models externally and we need to be as ready as we can be.

After 15 years in governance, for me this is one of the most significant strategic shifts I have encountered. What makes it different is the implications are well beyond any single company, industry or country.
It is challenging us in governance to rethink how to create and sustain value.

An AI reckoning that CEOs can't ignore

continued from B21

further 49% expect no material change, and just 7% expect AI to increase their headcount. The companies furthest down the AI path are the most likely to expect fewer staff. Among respondents expecting a lower headcount, 62% are already using AI agents, compared with 40% of those expecting no change.

Even so, most expect the change to be modest. A banking executive expects AI to cut headcount "around the edges, but not dramatically". An infrastructure services boss also expects a decrease, but only a "marginal" one. For others, the nature of the workforce limits the impact. A food distribution boss points to the company's "large blue-collar workforce".

Several leaders stress that AI is meant to augment staff, not replace them. "We don't see AI replacing our workforce. We see it enhancing our people's skills and capabilities," says an engineering CEO. "We will still need the human-to-human and critical thinking element."

A real estate chief who has rolled out AI tools for salespeople and property managers says: "Where we save through AI, we want to move those people into other areas to keep them in employment if they have the skills."

Investment in people is keeping pace. Some 68% of respondents are already upskilling their workforce in priority areas, and 24% are considering it. The minority expecting AI to grow their workforce see it as an engine of growth rather than a cost-cutting tool. "It's an opportunity that we should grab with both hands," says an energy CEO.

NZ's productivity opportunity

Executives say the stakes are higher for New Zealand than any one company's bottom line.

Many respondents see AI as one of the few levers that could make a meaningful difference to the country's long-running productivity problem.

But some see scale as a barrier. "The size of the New Zealand market limits the return on investment for larger capital automation projects, ultimately placing New Zealand at a GDP per capita disadvantage," says Rheem New Zealand general manager Mark McCutcheon.

An energy sector director sees AI as a potential "game changer in terms of health, education and productivity benefits", but warns that New Zealand "should grasp the opportunity or risk being left behind".

Technology writer **Bill Bennett** talked with a leading software development firm CEO, the chief executive of a leading corporate and a serial tech entrepreneur about the impact of the AI revolution on business.

AI is not 'a silver bullet'

Jade Software chief executive Justin Mercer says artificial intelligence won't make New Zealand more productive on its own. AI amplifies sound business fundamentals, he says, but does not replace them.

Mercer recently hosted the Jade Velocity Summit at Te Pae in Christchurch which brought together leaders from across Aotearoa with a simple shared purpose: Harnessing technology to drive New Zealand forward. The clearest single takeaway of the day was that AI is a cultural challenge, not a technological one. Tools are necessary — Jade's own position is that people should be enabled with the right ones — but unlocking value lies in what organisations actually do with them.

Christchurch-based Jade's businesses include anti-money laundering and dairy sector supply chain software. It bought Madcap, the world's leading dairy supply chain software, to accelerate its growth ambitions.

Mercer says AI has not changed the problems those products solve. Financial crime teams still need to spot "the needle in the haystack" and dairy processors still need to keep farmers informed and show transparency across the milk supply chain. AI just means solving problems faster and better. He says Jade's product and engineering teams are New Zealand-based, predominantly in Christchurch, and they intend to continue investing to strengthen their capability and capacity in that city. Mercer says Jade continues to see growth in key overseas markets.



Justin Mercer says AI is critical infrastructure and it belongs in a broader infrastructure vision.

"The Iran war may have impacted short-term spending and deferred decision making in patches but fundamentally the core needs for the products and services we provide remain."

Herald: Is AI primarily a technology, productivity or economic story?
Mercer: It is as much a cultural story. Organisations don't transform, people do. The overlooked issue is how companies equip their people with the right tools and skills. Get that wrong and AI becomes very much a story of fear about losing jobs. And if AI can build anything you should be building experiences that are unique, that are electrifying.

Can AI change New Zealand's poor productivity performance?
It's an amplifier rather than a silver bullet. I don't think deploying AI will make New Zealand more productive. The basics still matter: capital allocation, an engaged workforce and real customer value. Mercer gives the example of the dot-com crash which began in March 2000 and lasted until October 2002 and points out the companies that fell over were "more about leading with the technology of the day rather than leading with the customer value".

How does New Zealand create AI value rather than consume American technology?
By going deep in niches — not trying to be "horizontal, everything to everyone". Jade takes open-weight models — AI systems that anyone can download and adapt — locks them down and trains them on its own domain knowledge so its code isn't running off to some frontier lab. Building on a US frontier model means giving away control. European dairy customers want to know how exposed the software is to the AI underneath it.

Is a small population an advantage or a disadvantage?
It needn't be a barrier. We're a small market where you can test and learn. New Zealand has shown it can change regulation quickly, as it did to get Rocket Lab off the ground. And it can position itself as a neutral player between the US and China. The bigger challenge is attracting and retaining talent.

Should government treat AI infrastructure like roads and ports?
I do think it is critical infrastructure and it belongs in a broader infrastructure vision. Data centres and AI are directly linked to power consumption and generation. Cyber security, is heading towards "machines fighting machines", AI-powered hackers against AI-powered defence which requires GPU compute and energy.

Are New Zealand CEOs getting productivity gains from AI yet?
It varies. Every company is at a different stage. Whether AI is driving revenue or efficiency is "case by case". CEOs shouldn't delegate by setting a productivity target and handing out licences. They should use the tools themselves and be open about where they fail.

What is the biggest AI risk boards and CEOs are underestimating?
There is no single risk. Cyber defence, upskilling people fast enough and keeping pace with competitors keep him awake. Speed matters — but not at the cost of material damage to customers, such as through data exposure.

Mercer's answer for boards is to sort risks into "two-way doors" and "one-way doors". Walk through a two-way door and you can come back if it goes wrong. Walk through a one-way door and you can't. He suggests starting with everything in the two-way bucket, then asking what you would bring back across, and what has to be a one-way door" because it is critical to customers or staff.

AI must now prove its commercial return

Spark chief executive Jolie Hodson says businesses have to move on from experimenting with artificial intelligence to proving it delivers measurable value. Spark has given AI tools to about 2500 of its people. But Hodson says the gains come from combining AI with changes to process and people, not from the tools alone.

Spark has a strong focus on delivering growth in its core connectivity business and lifting productivity, cash flow and performance. AI is central to that. The *Herald* asked Hodson where Spark is seeing the most tangible commercial benefit from AI today.

Customer care was her response, pointing to the 20,000 customer questions a month Spark receives as an example of queries that would once have gone to back-office staff and are now managed through AI knowledge bases. Her team gets answers faster and now has more time to ask what else the customer needs. "If you get your answer faster and it meets all of your needs, then you're more likely to stay with the provider you're in."

Software development is the second area where Spark uses AI to cut time to market and capital spending.

Herald: What is stopping New Zealand businesses from moving beyond AI pilots?
Hodson: Workforce strategy and not understanding "at quite a granular level" how things get done. AI trials have a place, but then companies must decide which teams most need the skills. The test is whether saving 10 or 20 minutes a day adds up. "Does that cumulatively add up to something that you can change and get measurable value for your business?" It would be "very remiss to think this is a technology strategy".



Jolie Hodson says AI is not a cure-all — a panacea to everything.

Herald: What should CEOs measure to know whether AI investment is working?
Start with a baseline: "How do you know that you've got real value rather than, yes, it's great to see adoption." Spark looks at time saved, reduced rework and service outcomes for customers. Leaders must be clear that there is a commercial return. If a project hasn't proven itself in three to four months, or sooner, there should be a stop like you'd have on other things. The productivity dividend, the benefit of the time AI saves, is really only captured if the time and capacity created by AI are deliberately redirected whether into better customer service, faster delivery or lower costs. Otherwise, you can get fractions of time, small savings that never add up.

What is the biggest AI risk boards are underestimating?
I'm not so sure boards are underestimating risk. But guardrails matter more as agentic AI, which acts on its own to complete tasks, arrives. Directors need to know what agents can do and whether they go outside the organisation. You don't have to be an AI specialist to understand how to use it for governance, but boards must keep their skills current.

What is the biggest claim about AI that you simply don't believe?
That it is a cure-all. That AI is a panacea to everything. I don't think that's the case. AI can hallucinate — I've had responses where I know that's not true.

How significant could AI become as a driver of Spark's infrastructure investment?
SPK-30, Spark's turnaround plan, has a big focus on digital connectivity, including infrastructure such as its shareholding in data centre business TenPeaks. That, plus fixed connectivity and cloud services, is important to helping enable AI. Data centres are also a growing market in New Zealand.

Can AI finally deliver the productivity transformation New Zealand has talked about for years?
It can. AI helps approvals move through public and private systems much faster such as the consents that unlock infrastructure investment. It is also increasingly embedded in tools small and medium businesses already use, which could ease the load on time-poor owners juggling accounts, payroll and tax. The more time that frees up "the better off we'll be as an economy".

— Bill Bennett

Why treating AI as software misses the point

People who treat AI as another IT purchase are missing the point, says serial tech entrepreneur Greg Cross. He says AI is not a technology but a utility. The businesses that win will redesign around it.

Cross (pictured right) sold wireless-charging company PowerbyProxi to Apple in 2017 and stepped out of Soul Machines nearly three years ago. He is now launching an AI-native company, Eighty20 AI, from scratch and says it has forced him to relearn four decades of experience.

Herald: Is there a danger companies simply use AI to automate inefficient processes rather than redesign how they operate?
Cross: "That is one way to use AI. I personally don't think it is the best way. Many of these inefficient processes aren't, let's be blunt, very good processes." He points to two decades of outsourced customer service by Kiwi companies which has been dumbed down to the point where some customers don't want to talk to the company. AI is about solving problems you couldn't solve before. If you're doing that, you are growing and you're making yourself more relevant and more valuable.

If AI makes a knowledge worker 30% to 50% more productive, do you need fewer people or should you grow faster?
"Experience suggests the productivity gain is far bigger. Everyone at my company is ten times more efficient than in a conventional startup. It's not by 30%, it's 10x." Cross rejects the finance minister's suggestion that AI could be used to replace public servants. Instead, AI should lower the cost of delivering services so that more can reach the front line. The job market will shift, he says, but we will create whole new industries.

What does New Zealand have that could give it an advantage?
"Proprietary data. Value is created when you can take proprietary data and convert it into knowledge. Halter, the New Zealand maker of smart cattle collars, is a data company, not an electronic cow monitoring company. The opportunity lies in building products on top of existing AI models to solve problems unique to this country, not in building a ChatGPT rival."



The US and China are investing enormous sums. Where does that leave smaller economies?
"We've never been able to compete with the venture capital industry that existed in Silicon Valley, even before it went crazy and got completely high on AI. Instead of investing tens of millions of dollars and hundreds of millions of dollars, they are now investing tens of billions of dollars from their funds. We never had access to that in the first place."

What happens to the traditional organisation when agents perform entire workflows?
"It flattens and the customer moves to the centre. The vast majority of people don't even understand what an agent can do, let alone build their own. In the agents my company builds for customers, humans stay in the loop on key decisions. Innovation shifts from the top down to the bottom up: AI democratises innovation."

— Bill Bennett

MOOD OF THE BOARDROOM 2026

Investment appetite grows, but where are the opportunities?

New Zealand's business leaders are showing a growing appetite to invest at home — but finding opportunities worth backing remains the challenge, writes **Tim McCready**



Robert Wall



Will Goodwin



James Pinner



Maria Jose Alvarez

Asked how their company's appetite for investment in New Zealand compared with 12 months ago, a third (32.5%) of respondents to this year's Mood of the Boardroom survey say it is greater, including 5.5% who say it is much greater. More than half (55.5%) say it is about the same, and just 12% say their appetite is lower.

But a willingness to invest does not necessarily translate into investment. The challenge is finding opportunities that can attract capital, deliver returns and ultimately help build the next generation of internationally successful New Zealand businesses.

The *Herald* talked to five people at the heart of New Zealand's investment system: the chief executive of the Government's new investment promotion agency, the co-chief investment officer of the country's sovereign wealth fund, the chief executive of the Crown's venture capital investor, a deep-tech venture capitalist and the co-founder of an independent, non-partisan growth policy group.

They identify familiar obstacles: a shortage of investable opportunities, limited pools of specialist capital, shortages of experienced talent and regulatory settings that can make it harder to turn promising businesses into global competitors. But they also see significant potential to build on New Zealand's existing strengths into new sources of growth.

Clean energy meets digital opportunity

Robert Wall, chief executive of the year-old autonomous Crown entity Invest New Zealand, says genuine offshore interest is coming through in renewable energy, digital infrastructure and technology-led opportunities where New Zealand has a clear competitive advantage and international investment can unlock growth.

"The opportunity for New Zealand lies in connecting these sectors — for example, companies with access to reliable, renewable power will link New Zealand to global markets, and the right commercial partners can help new technologies move from development to deployment."

Wall says investors value New Zealand's stability, trusted institutions and ease of doing business, balancing that against the practical challenge of a small market that is distant from major global centres. He says recent reforms to overseas investment screening have made the regime faster and more proportionate for lower-risk transactions, but the work on the fundamentals must continue.

"New Zealand needs to keep improving the fundamental drivers of growth that support existing companies and the industries we want to attract in the future, including resilient digital and physical infrastructure, consistent regulation, and confidence in a pipeline of investment opportunities."

The Active Investor Plus programme is one way of bringing new capital into productive businesses.

"Invest New Zealand assesses applications for managed funds and direct investments under the growth category of the programme, with over $2 billion of capital committed since April 2025," says Wall.

"These managed funds and direct investments are investing in productive businesses and Invest New Zealand's role is connecting new capital and capability with credible opportunities and partnerships."

Success in five years, in Wall's view, would mean a deeper pipeline of projects at the scale international investors require, more international companies establishing and expanding here, and stronger connections between New Zealand businesses and global capital.

"New Zealand's most underestimated opportunity is the intersection of abundant renewable energy, digital infrastructure and advanced technology.

"With the right investment in generation, transmission, connectivity and skills, New Zealand can support energy-intensive and data-driven businesses while enabling innovation across sectors such as food production, manufacturing and health.

"The opportunity is to position New Zealand as a destination for new export-oriented industries that can leverage our free trade agreement network and our geographic position alongside the growth in Asia and the Indo-Pacific."

Capital is available, but projects must stack up

Will Goodwin, co-chief investment officer of the NZ Super Fund, says a large investor isn't simply asking whether an asset or project is worthwhile. It is asking whether the opportunity is the best use of its risk, liquidity, capability and management attention, relative to the alternatives available globally.

The fund's local networks, sovereign status and long horizon can create an investment advantage.

"But that is an advantage, not an automatic allocation. New Zealand opportunities must still compete with global alternatives."

Goodwin says that while New Zealand is consistently rated as an easy place to do business, attracting major investors requires opportunities of sufficient scale.

"Our view is that the issue is often not a shortage of capital, but a shortage of well-prepared, appropriately scaled propositions with robust economics, clear risk allocation and a willingness to include international delivery capability."

Goodwin says the fund's discussions with international investors suggest growing interest in New Zealand. Some see it as a standalone market, while others see it as "Australia-adjacent".

But he says investors raise concerns about policy changes across political cycles, construction capacity, lengthy approval processes and past project setbacks.

He says international peers would characterise New Zealand as "a credible but developing institutional investment market".

Goodwin points to the NZ Super Fund's investment in Kaingaroa Tipu as an example of what can attract institutional capital. Forestry is a multi-decade industry that suits the fund's long horizon. The investment has sufficient scale and is held through a partnership with aligned long-term investors with capability, both international and with mana whenua.

"Investments like this did not work simply because they were in New Zealand. They worked because the commercial case, partners, structure and governance aligned, while our local position gave us an additional edge."

Goodwin argues that attracting more investment will require New Zealand to take a more coordinated approach to developing and presenting opportunities.

"To attract capital and capability, New Zealand needs to shift from presenting investors with isolated projects to creating credible, multi-year investment pipelines."

He says the challenge is to connect the investment New Zealand needs with the institutional capital looking for opportunities internationally.

"That requires us to present opportunities with sufficient scale, robust commercial economics, clear risk allocation, durable policy settings and credible execution. New Zealand's institutions, natural advantages and relationships give it a strong base, but those advantages need to be converted into an investable and repeatable pipeline."

Venture capital grows, but gaps remain

James Pinner, chief executive of NZ Growth Capital Partners (NZGCP), says New Zealand's venture market has come a long way since the Elevate NZ Venture Fund launched, though there is still a long way to go.

"Our role has been to catalyse more capital into private venture firms and that has undoubtedly happened. We have now seen over a billion dollars of money go into private VC firms (which flows down into the most promising start-ups) over the first five years of Elevate, more than was seen in the prior 15 years to Elevate launching."

Several funds are now on their third and fourth vintages, building the track records that Pinner hopes will draw more institutional money over time. The end goal is a deeper and broader cohort of managers backed by institutional investors, to the point where Elevate is no longer needed. He thinks that will take at least another 10 years.

Pinner says government investment has been effective in attracting private capital. For every dollar NZGCP has invested, $2.64 of private capital has also backed those funds, and 20% of that private capital has come from offshore. A growing number of investments are coming from KiwiSaver funds, a trend Pinner wants to see accelerate.

"Even 1% of KiwiSaver balances going into the most promising managers and start-ups would transform the market."

But Pinner says the venture market remains relatively small. NZGCP's international benchmarking suggests New Zealand should have around 5000 start-ups, but it estimates there are about 1500.

The funding gap is now most pronounced at the very earliest stages, which NZGCP is targeting through its new pre-seed fund programme, Scout. A new emerging manager fund of funds, Launch, announced in Budget 2026, will back more first-time managers.

Pinner says the global surge in investment into artificial intelligence has made it harder for businesses outside the sector, including medtech and climate tech companies, to attract international funding.

"That means that the bar for those companies raising capital internationally is higher and domestic funds are having to back them for longer along their development journeys than previously."

He also believes New Zealand needs to do more to encourage entrepreneurial ambition and accept the risks that come with it.

"We should be celebrating those that try, even if they fail. And we should certainly celebrate more those that do succeed."

Pinner sees growing opportunities in deep technology, particularly industrial clean technology spanning wastewater treatment, recycling, e-waste and the processing of mining and manufacturing waste. Medtech remains a strength, although he says some of New Zealand's biggest successes continue to come from software.

He points to Rocket Lab and favourable regulatory settings as helping create a new generation of space companies and believes New Zealand could replicate that success in marine technology, from environmental monitoring to aquaculture.

Good science to great businesses

Maria Jose Alvarez, managing partner of deep-tech investor WNT Ventures, says New Zealand has a stronger pipeline of investable technology companies than it often gives itself credit for.

She points to Aroa Biosurgery, Tracksuit and Auror as examples of businesses whose founders identified a significant global problem, built a differentiated solution and raised the capital to scale internationally.

But a handful of successes is not the same as a deep and consistent pipeline.

"In my day-to-day work at WNT Ventures, I see the quality of New Zealand science every week. I also see how much work it takes to turn that science into a business. Excellent research, a promising technology and a good investment are three different things...

"Our research system is set up to produce papers and patents, not founders. Investability is not something we simply find in a company; we have to strategically build it."

Nor, in her view, is the capital base set up for deep tech — at least not at the scale New Zealand's potential needs.

She says part of the problem lies in how New Zealanders invest their savings, with much of the country's wealth tied up in property and offshore listed markets. KiwiSaver has become one of the country's largest pools of capital, but she says relatively little reaches the private companies with the potential to lift productivity.

"Deep tech needs 10- to 15-year horizons, investors who can judge technical risk, and money held in reserve to follow on through several rounds. Our capital base is thin on all three."

Alvarez says companies frequently struggle when moving from technical proof of concept to commercial and industrial validation — a stage where both capital and specialist commercial expertise are in short supply.

She wants government investment to be targeted at opportunities that would struggle to attract private capital on their own.

"Its capital should go where it makes the difference: backing the companies and fund managers that would not otherwise exist, so the

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‘Increasingly attractive destination’

Morrison chief executive Paul Newfield told **Tim McCready** how the global infrastructure investment manager views opportunities

Herald: Where does Morrison see the biggest infrastructure investment opportunities in New Zealand, and how is AI (through data centres, energy demand and digital infrastructure) changing that picture?
Paul Newfield: With the right ambition, New Zealand can play a globally significant role in what is shaping up to be a once in a century digital infrastructure build-out. New Zealand's renewable energy base, potential for further development, climate, political stability and security are genuine advantages. Together, they make New Zealand an increasingly attractive destination for digital infrastructure.

The biggest opportunities will be in data centres and the renewable generation, storage and grid infrastructure needed to support them, particularly projects that combine digital growth with new energy supply and deliver broader economic benefits. Social licence will be critical. New Zealand has the opportunity to establish clear frameworks for digital infrastructure development to make sure developers of these assets engage communities early, use resources responsibly and create tangible economic and social benefits for New Zealanders.

Is New Zealand creating enough investable infrastructure projects to absorb institutional capital, and what is holding back private investment?
Global investors continue to have strong appetite for long-term infrastructure investments. The challenge is creating enough opportunities at scale. Investors want a visible



pipeline, confidence around delivery and a clear pathway from concept to construction.

A credible pipeline is also important to attract the supply chains, skills and construction capability needed to give investors confidence that projects can be delivered reliably and efficiently. We're seeing encouraging progress, but greater certainty around planning, approvals and execution would unlock significantly more private investment. There is also an opportunity to create more investable scale through repeatable programmes, partnerships and the aggregation of similar assets or projects, rather than viewing every opportunity in isolation.

How does New Zealand compare with Australia, the US, the UK and Europe as a destination for infrastructure capital, and what would attract more offshore institutional money?
New Zealand can't compete on scale, but it can compete on stability, trust and institutional quality. In a world where investors are increasingly focused on regulatory certainty, those attributes matter.

To attract more offshore capital, New Zealand needs a larger pipeline, clearer delivery pathways and long-term political commitment that extends beyond election cycles, and it's encouraging to see strides being made here across parties.

It's incredible to think our clients' portfolio companies are building so much more renewable energy in the Republican states of Trump's America than we are in clean, green New Zealand. But that just goes to show that embracing the AI infrastructure opportunity and streamlining renewable energy project approval processes has a lot more impact than political rhetoric.

How should New Zealand think about the balance between public and private capital in infrastructure?
New Zealand needs both public and private capital. Government sets priorities and creates the framework. Private capital can bring funding, expertise and long-term stewardship of essential infrastructure assets.

Wellington International Airport is a good example. As part of Infratil's portfolio, private investment has helped support the airport's long-term development while continuing to serve travellers, communities and the wider economy. It's owned in partnership between Infratil and Wellington City Council and that relationship has continued to deliver for the Wellington region for almost 30 years, through a number of political and economic cycles.

As our retirement savings pool continues to grow, there is a real opportunity to invest that capital in the infrastructure the country needs, provided those investments deliver strong risk-adjusted returns for KiwiSaver members.

As a country we also need to be brave enough to have mature conversations about asset recycling. The country is still understandably scarred by some of the poor examples of privatisations in the 1980s. That shouldn't prevent us from asking a more pragmatic question today: which assets does government genuinely need to own, and where is its capital better deployed elsewhere?

Government doesn't have to own every piece of infrastructure to protect public interest. In some cases, it should be willing to sell or lease some assets to responsible long-term owners with strong reputations and appropriate safeguards, freeing up capital to build the schools, hospitals and transport infrastructure we need to serve a young, growing nation.

You can see the model at work in Sydney. When Kiwi friends visit, they always comment on the great new Metro system, meanwhile no one notices or cares that the land titles registry and the electricity poles and wires were leased to superannuation funds to pay for it.

Can infrastructure investment materially lift New Zealand's productivity?
Infrastructure is a productivity agenda. Better energy, connectivity and transport systems reduce costs and support productivity-led growth.

We're already seeing that across our portfolio. In the United States we've established Fillex, a pharmacy fulfilment platform that uses AI and robotics to automate dispensing and free up pharmacists' time to offer specialist advice to their local communities rather than being stuck out the back counting pills.

It's a good example of how AI is not just driving investment in digital infrastructure itself, but creating entirely new infrastructure opportunities across the real economy. Here the biggest productivity gains will come from applying these technologies in sectors such as healthcare, logistics and industry, supported by the infrastructure that enables them.

Infrastructure is also an economic resilience agenda. In a more volatile global environment, the objective is not just to operate more efficiently, but to keep essential services and supply chains functioning through disruption.



MOOD OF THE BOARDROOM 2026

Business leaders urge clear rules for AI data centres

The opportunity has arrived and New Zealand shouldn't be late in adopting rules for AI factories, writes **Graham Skellern**

New Zealand should begin establishing clear rules to take advantage of the rising demand for AI data centres, say two business leaders.

Jason Boyes, chief executive of Infratil, says New Zealand is well-positioned to attract significant investment and become a data centre hub.

"We have the ability to develop more renewable generation, and we have a favourable climate and strong security advantages. We should leverage those strengths not only to attract data centre investment, but also to build our own AI capability.

"With global demand for data centre capacity continuing to outstrip supply, we're still in the early stages of this growth cycle. This is a 10-year theme. I don't think New Zealand will miss out, but we risk being late if we delay the benefits of investments," says Boyes.

Shane Solly, portfolio manager with Harbour Asset Management, says it's becoming more difficult to build data centres in the United States and Europe because of push-backs from the community, and getting access to power. Building in the Middle East has stopped.

"The drag on the power grid, locations set back from residential areas, noise, water use and visual effects, many of the centres are industrial-looking – these are the considerations by local communities.

"And the big issue for investors is the timing of the user contracts when these multimillion-dollar assets are built," says Solly.

"The demand is starting to accelerate for GPU compute and where they get housed. Data centre development is at an interesting junction globally, especially regarding managing the supply of power.



With global demand for data centre capacity continuing to outstrip supply, we're still in the early stages of this growth cycle.

Jason Boyes, Infratil

"We have a grid that can supply electricity now and we can provide a degree of firming power to add to the baseload. If there is not enough volume of power or a dry period, a compute load can be moved elsewhere," says Solly.

Boyes says power purchase agreements (bringing your own power) with hyperscalers are key to developing data centres.

The energy companies can bring incremental renewable generation onstream and the data centre operators and their customers pay for the infrastructure connection. "That's already happening today."

Asked what one decision the next government should make to ensure New Zealand captures more of the AI and data centre opportunity, Boyes says: "Establish clear national rules, rather than regional ones, around the issues communities care most about.

"Australia is moving in this direction. Aligning with those frameworks, where possible, will provide greater certainty for investors while helping communities understand how these developments should be managed."

Boyes says putting rules in place is important so people don't have to worry, and following the Australian template isn't a bad start.

"Having totally different rules doesn't make sense."

Australia is responding to the rapid growth of AI data centres by developing a national regulatory framework to curb environmental impacts, protect local resources, and ensure economic benefits stay within the country.



We do have a temperate climate and that's beneficial from a cooling point of view. That's a good start to drive less electricity to cool the facilities.

Shane Solly, Harbour Asset Management

Prime Minister Anthony Albanese announced plans to introduce binding Australian Standards for AI into Parliament early next year.

The Australian plans also include:

- **Energy and Water Rules:** Large data centres will face mandatory rules to minimise and report water usage (including prioritising recycled water), cover their own grid connection and network upgrade costs, and ensure power demands do not spike local electricity prices.
- **Sovereign Compute and Access:** Federal officials have urged operators to provide local start-ups, researchers, and not-for-profit organisations with fair-term access to compute capacity so Australia does not become dependent on imported artificial intelligence.

Boyes says the design of data centres was crucial. "Some designs evaporate water, some have black water, you can't do that. CDC Data Centres has developed a closed-loop cooling system, and you are good to go."

Infratil has a near 50% shareholding in CDC, which has three general data centres in Auckland – the first two "are pretty well full to capacity."

New Zealand hosts about 64 general and cloud data centres (including facilities by providers such as Microsoft, Amazon Web Services, and Datacom), but at present there are no centres built exclusively as a dedicated "AI factory".

Datagrid NZ has received resource consent to build the country's first $3.5b AI data centre at Makarewa near Invercargill and is moving through full funding and grid approval. The centre is expected to draw up to 280MW of power.

Mercury is investing $53m for a 12.7% shareholding in Datagrid Holding Group NZ and has signed a 140MW power purchase option for renewable energy.

Contact Energy and CDC are working together on a resource consent for a potential 250MW AI data centre at Stratford near the site of Contact's Taranaki Combined Cycle gas plant, which has been retired but is close to the transmission grid.

The Stratford facility would be supported by battery storage development. CDC said it would explore a net zero-waste cooling solution, including rainwater collection.

Solly says, "We do have a temperate climate and that's beneficial from a cooling point of view. That's a good start to drive less electricity to cool the facilities."

Boyes says large-scale AI facilities are most efficiently financed by global technology companies with strong investment-grade balance sheets.

At the same time, it can be cost-effective to make additional capacity available within those facilities to support New Zealand's own AI capabilities and critical services.

"Done well, that has the potential to lift productivity across the economy," says Boyes.

Investment appetite grows, but where are the opportunities?

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private sector can decide whether to keep backing them once they have proven themselves."

Alvarez says founders must also think internationally much earlier in a company's development.

"The strongest companies use New Zealand as their research base and proving ground, but they are built for global markets from the start. That is what makes them attractive to international investors."

Despite the challenges, Alvarez believes New Zealand has already demonstrated that it can produce globally successful technology businesses.

"We no longer need to prove that globally successful technology companies can come from New Zealand. The next step is moving from individual success stories to a repeatable way of creating, funding and scaling them."

Keeping more of the gains in NZ

Bowen Pan, co-founder of Growth NZ, says New Zealand has the opportunity to create many more global champions, and to keep them anchored here long enough to retain a significant share of the value they create.



Bowen Pan says we have the opportunity to create many global champions.

"Companies like Fisher & Paykel Healthcare, Xero, Partly and Gallagher all show that New Zealand can produce global winners. But too often they succeed despite our settings rather than because of them."

Technology is already New Zealand's third-largest export earner, Pan notes, but the country still lacks depth in experienced scale-up talent and growth capital – and the two reinforce each other.

"Talent attracts capital, successful companies build experience, and that experience creates the next generation of founders and operators."

To help address the talent shortage, Growth NZ has proposed a Catalyst visa that would allow up to 300 exceptional international specialists to enter New Zealand each year, without requiring a job offer upfront.

Applicants would need to demonstrate independently verified, internationally exceptional achievement and would have 12 months to begin qualifying work. Visa holders could take up employment, establish companies or work independently across multiple organisations. "A small, targeted intake would bring experience hard to build quickly at home."

Growth NZ also wants to make it easier for skilled migrants to change jobs and work across organisations, alongside faster, batched processing for workers already on Accredited Employer Work Visas.

On growth capital, Pan says New Zealand has made progress, although the market remains relatively immature.

"There's much more capital than there used to be, but we're still in the early innings."

He wants more of New Zealand's large pools of long-term capital, including KiwiSaver funds and iwi, to participate in high-growth companies, while continuing to welcome international capital and expertise.

Pan says he would double down on sectors already getting real traction, from software and space to agritech, biotech, and climate and energy technology.

"At the same time, our small size should also be an advantage: for example, we can use our regulatory agility to make New Zealand one of the best places in the world to test, incubate and scale new ideas."

He believes global expansion and maintaining a strong New Zealand base need not be competing objectives.

"The goal isn't to keep every job or activity in New Zealand. It's to keep enough of the company anchored here – ownership, intellectual property, research and development, leadership and high-value jobs – so New Zealand continues to participate meaningfully in the wealth created as these companies become global winners."

Reserve Bank: CEOs show support for single mandate



Mood of the Boardroom
Liam Dann

This year's Mood of the Boardroom survey reveals a strong focus on fighting inflation.

Business leaders have overwhelmingly backed the Reserve Bank's move to lift interest rates.

They also feel strongly that the RBNZ should retain a single mandate focused solely on an inflation target.

If elected, Labour has promised to return the RBNZ to a dual mandate, with unemployment as an official target as well as inflation.

By comparison with the past few years, the Reserve Bank seems like a sedate and non-controversial institution right now.

The external appointment of Swedish central banker Anna Breman has taken some of the political heat out of local monetary policy debate.

Breman has thus far proved a clear communicator and seems popular with the financial sector and economic community.

Monetary Policy Committee meetings have been opened to more public scrutiny, with voting decisions published to give the public insight into how united, or otherwise, committee members are.

Breman has expressed an intent to stay focused on the single mandate of inflation and the target of 1-3%.

There's one significant fishhook in all of this, of course. The inflation rate is currently sitting outside that official target band.

At an annual rate of 4.1%, it continues to run too hot.

After a dramatic post-Covid spike above 7%, the annual inflation rate dropped as low as 2.2% in the December 2024 quarter.

But from there, inflation has risen steadily, pushed up by a combination of high local energy prices and the big global oil price rise.



RBNZ Governor Anna Breman and the Monetary Policy Committee have a single mandate to target inflation.
Photo / Mark Mitchell

Perhaps unsurprisingly, the squeeze that higher costs are putting on firms is recorded as one of the most pressing issues in the Mood of the Boardroom survey this year.

Perhaps unsurprisingly, the squeeze that higher costs are putting on firms is recorded as one of the most pressing issues in the Mood of the Boardroom survey this year.

However, business leaders were realistic about how much control local policymakers have over what is mostly imported inflation.

"Inflationary costs are due to the fuel crisis, tough one to solve given it is caused by an external event," said one business leader.

"The New Zealand economy is okay, but the global economy does concern me. We have a couple of never-ending wars upending oil supply chains," wrote another.

However, others were concerned that central banks and governments had not been as focused on inflation as they should have been in the past few years.

"Central banks around the globe have not had inflation aligned with targets for too many years," one respondent said.

Fiscal discipline was also required, said another: "Balance the budget to lower inflation."

By the numbers, 76% of business leaders said they thought the RBNZ's latest rate hike (taking the OCR to 2.75%) was the right call.

Just 11% said it should have held (13% were unsure).

Business leaders were almost as strongly supportive of keeping the mandate focused squarely on inflation.

They were asked: should the Reserve Bank's monetary policy settings be solely focused on meeting its inflation target?

Just 22% said no, 9% were unsure, but 69% want it left as the sole target.

"The Reserve Bank should have one clear job: keep inflation under control and maintain price stability," said one respondent.

Trying to use interest rates to manage employment, house prices or other aspects of the economy was a distraction, they said.

The strength of support for the single mandate reflects the fact that the world generally seems to have re-entered an inflationary period.

In the decade before Covid, global inflation was so low that some economists believed it may have been eradicated as a problem.

Instead, central banks were forced to grapple with deflationary problems.

Some, including the RBNZ, looked at the plausibility of cutting interest rates into negative territory.

Back in 2016, nearly 50% of Mood of the Boardroom respondents believed the Government should rewrite its agreement with the Reserve Bank to give the Governor the ability to consider wider economic factors beyond inflation.

One leading banker, in the comments that year, argued that the single-mandate Reserve Bank Act was right for the 1980s and 1990s, when inflation was the problem — in a post-global financial crisis, low-inflation world, the Governor needed to focus on different things.

Of course, just two years later, those supporting a dual mandate got their wish as the incoming Labour-led Coalition changed the policy.

In hindsight, the timing probably couldn't have been worse. Covid threw the world's supply chains into disarray.

Governments and central banks pumped money into lockdown economies. The result was an inflation spike that rivalled the oil shocks of the 1970s.

Whether a single mandate would have made a difference to how the Reserve Bank played its hand in the dual mandate era, we'll never know.

But with inflation still running hot six years after the first Covid shock, it is clear business leaders are not keen to repeat the experiment.

NZ moving from anger to acceptance

Three years of pain may give way to economic and social gain, writes **Cameron Bagrie**

They say the grief cycle has five stages. Denial, anger, bargaining, withdrawal and finally acceptance.

Some would argue we remain in the anger stage, pushing back. The country is divided. We can see that in the political polls. It's a global phenomenon. Anyone wanting to cheer themselves up should jump on a plane and go to the United Kingdom or Australia. Talk to an American. Visit France. They make New Zealand politics look demure. You come back happy and reinvigorated.

I think we are way beyond anger. Maybe those polls are pointing more towards acceptance and the desire for change and the Mood of the Boardroom is starting to show a "let's get on with it" attitude from the private sector too.

We can't wait for the Government to get New Zealand completely to the zero line. This is where governments do not get in the way too much. They get the foundations right, economically and socially. Let the private sector do the heavy lifting, taking real risk to make real money, and grow the economic base on which New Zealanders' wellbeing is premised.



Cameron Bagrie with fellow panellist Far North mayor Moko Tepania and host Ryan Bridge during the New Zealand Herald's Future of New Zealand Debate this month.
Photo / Dean Purcell

Has the Government got us to the zero line? No. But we are inching closer with a lot more work to be done across infrastructure, education, energy, the social ledger, and communicating how New Zealanders will benefit. The latter has been missing.

As we inch closer, Mood of the Boardroom and the nation signals we may be on the cusp of a continuum of change that could easily be accelerated. Australia is lagging New Zealand on this front and set for a wake-up call in 2027.

Out with the old

Bye-bye Great Moderation.

That 1993-2000 era of low inflation, lower interest rates and volatility, and perceived better management by policymakers. Rules trumped power. The world became increasingly globalised and interconnected.

We sold more expensive houses to each other and thought we were getting wealthier.

Immigration was a growth ripcord to be pulled.

The headline model worked but it was a fallacy, and we let policy settings slip, allowing a deeper rot to set in, eventuating in average yearly productivity growth 0.2%

In with the new

Three tectonic shifts are now colliding at once.

First, the old neo-liberal model has been exposed economically and geopolitically.

Economic prosperity is now heavily intertwined with national security across food, energy and technology.

House prices cannot grow rapidly in excess of income growth, nor debt. Eventually you reach an economic and societal tipping point.

Second, society is pushing back. Whether it be to the far left, far right or the emergence of National conservatism with immigration under the spotlight in many countries. Lacking income growth, which is a function of productivity, living standards stagnate and cost-of-living pain hurts more.

Third, financial markets are starting to behave like headmasters. With repeated tellings-off not working (small lifts in rates), we've seen the US 10-year bond and bond yields around the global rise more markedly, reaching 10-15-year highs. The message to central banks is simple; either get serious about price stability or term premiums (the additional compensation required for holding a long-term bond over a short-term one) will rise.

Government debt is rising in focus.

An improving, though mixed, backdrop

The economic scorecard for New Zealand is a bunch of liquorice all-sorts.

The gross domestic product (GDP) of New Zealand is up 2.6% on a year ago. However, GDP per capita is the same as it was four years ago.

Hours worked are up 2.8%. That means productivity growth (GDP/hours worked) is absent, as is growth in living standards.

Core measures of inflation are within the 1-3% band, but we have not had real price stability (2% inflation)

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MOOD OF THE BOARDROOM 2026

Fight over a rounding error

New Zealand needs an independent watchdog to cost election promises

What the political parties offer

	National	Labour	Act
New spending allowed in each Budget	$2.4b	$2.4b	$2.0b
Return to surplus	2028/29	2028/29	2027/28 ($79m surplus)
Extra health spending over four years	$15.4b	$15.4b	Not stated (frontline health protected)
Spending cuts	About $1b over four years (foreign aid $431m, tougher welfare case management $583m)	None. Reverses some of National's planned cuts instead	About $10b over four years, mostly non-frontline public service spending
New taxes	None	Capital gains tax from July 2027	None
Pension age	67, not before 2044	Stays at 65	67 by 2035
Costings checked independently	No	Yes (Hall Chadwick)	None reported

Sources: Party fiscal plans, October 2026. Surplus years for National and Act are on Treasury's OBEGAL measure, which leaves out ACC. Labour uses the older OBEGAL measure. Act's 2027/28 surplus is $79 million.

The bill nobody is talking about	2025	2065
Government net debt	43% of GDP	About 200% of GDP
NZ Superannuation	5.1% of GDP	About 8% of GDP
Health	7.1% of GDP	About 10% of GDP
Average tax on wages needed to hold debt steady	21%	32%

Source: Treasury, He Tirohanga Mokopuna 2025 (Long-term Fiscal Statement), assuming no change in policy. The tax row is Treasury's illustration of holding debt steady through higher tax on labour income alone, with spending unchanged. Herald Mood of the Boardroom CEOs Survey 2026 / Herald Network



Elections are supposed to be the moment when the main parties offer voters a choice between grand plans and rival visions. Indeed, that is the whole idea of democracy: to be able to choose between different paths, especially on long-term spending and taxes.

Well, apparently not in this election. National's and Labour's fiscal plans are so alike that one wonders whether the same research department drafted both. On health, for example, the biggest item in both, National promises an extra $15.4 billion over four years and Labour $15.5 billion.

In a state that spends close to $200 billion a year, such differences are a rounding error. Both parties also keep the same limit on new spending in each Budget, and both promise a return to surplus in 2028/29.

You would not guess this from the campaign. It has been fought over pay equity, a fuel tax freeze, foreign aid and a KiwiSaver payment for every newborn. And yes, Labour's capital gains tax is a real point of difference for the tax system. But Labour would use it to pay for much the same health spending that National promises without any new tax.

All these individual policies matter, but they are trifles compared to the cost of an ageing population.

Treasury's long-term outlook has net debt reaching 200% of GDP by 2065 if nothing changes, driven mainly by the rising cost of pensions and health care for an older population.

Holding debt steady through tax alone would mean lifting the average tax on wages and salaries from 21% to 32%.

Both Labour and New Zealand First flatly refuse to touch the pension age. Meanwhile, National's long-standing policy would not start lifting it to 67 until 2044, and its leaders now say even that needs a political consensus nobody can find. By then, children starting school next year will have left university.

Act is the only party proposing to raise the age soon, to 67 by 2035, saving close to $2 billion a year, by its own estimate.

For voters, this election looks close to a simulation of democratic choice. Whichever big party leads the next government, the package is much the same and nobody touches the long-term bill.

Now, there is something to be said for at least having a consensus on aiming for surpluses when, say, America runs trillion-dollar deficits and much of Europe is also drowning in debt. However, in our case, our ambition to achieve a surplus only runs to the end of this decade and stops there. We all know that the real costs of demographic change will only come from the 2030s onwards.

Still, even those four years until then are not as good as they might look in the fiscal projections.

> Our ambition to achieve a surplus only runs to the end of this decade and stops there. We all know the real costs of demographic change will only come from the 2030s onwards.
>
> Oliver Hartwich

The surplus Treasury forecasts for 2028/29 is so thin that ANZ's economists say a fairly small downgrade to the economic outlook could wipe it out.

Fiscal plans also have a habit of drifting, as my colleague Bryce Wilkinson shows in a forthcoming report. In 2018, Treasury expected government spending to be 28% of GDP by 2024. It turned out to be 33%, and net debt ended up more than twice as high as planned.

Yes, Covid happened. But Covid does not explain why so much of the extra spending stayed long after the pandemic.

As Wilkinson points out, any government can call its plan responsible by promising tight spending limits for the years after it expects to leave office. Treasury can hardly contradict this when the Minister of Finance is its only "customer".

To counter all this and inject a sense of independent realism, a different way of monitoring our fiscal development would be needed. And indeed, in a previous job, I helped come up with one such mechanism.

In April 2007, when I worked for a London think tank, I organised a breakfast for George Osborne, then Britain's shadow chancellor, and a group of economists from the City of London. The talk soon turned to Treasury forecasts and how little anyone trusted them.

Afterwards, together with two fellow economists, I wrote up a proposal for an independent budget committee. To our great delight, Osborne liked the idea and three years later, as Chancellor, set up the Office for Budget Responsibility (OBR), Britain's independent budget watchdog.

The OBR has not made all British politicians virtuous. But when Liz Truss announced unfunded tax cuts in 2022 without an OBR forecast, bond markets turned on her government within days. Liz Truss did not survive this politically.

Sadly, New Zealand has nothing like such an independent fiscal watchdog. Last year, Nicola Willis took a plan for a small unit to cost policy promises to Cabinet, but Act and New Zealand First blocked it.

National now promises an independent costings unit by the 2029 election. Australia's Parliamentary Budget Office has been costing party promises since 2012.

Admittedly, parties would try to game such a unit, for example by arguing over which version of their policy gets costed so that the numbers look better. But the alternative is what happens at every election. Each side finds a fiscal hole in the other's plan, and each insists its own numbers were checked "independently".

The Dutch found a way around this problem long ago. Since 1986, their Central Planning Bureau, a government agency known for its independence, has costed party manifestos before elections. It takes each party's whole package rather than single promises, so nobody can choose the most flattering version of one policy. And it measures every party with the same yardstick, including what each would leave for future generations to pay.

Taking part is voluntary, and not everyone does. Geert Wilders' populist Party for Freedom stays out, and so do the Socialists, who call the bureau's models neoliberal. But 10 parties, including all the traditional parties of government, had their manifestos costed before last year's election.

Of course, even such a watchdog would not solve the ageing problem. That would require a later pension age, better spending and faster growth.

But what a watchdog could do is tell voters, before they vote, what each party's promises would cost over the next 40 years.

In this election, unfortunately, nobody is telling them.

Dr Oliver Hartwich is the Executive Director of The New Zealand Initiative (www.nzinitiative.org.nz).

NZ moving from anger to acceptance

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since 2020, a whopping six years ago.

Exports have soared.

The housing market — outside of Canterbury, Otago and Southland — has soured and will likely continue to do so in 2027, given demand relative to supply.

The current government has continued to borrow and run deficits, just like the previous one, with the tough decisions back-loaded into forecasts in a case of promise-you-nomics.

There is no credit accelerator in this economic recovery with borrowing growth anaemic.

Business confidence is high. Consumer confidence is not.

Canterbury and Otago have eclipsed the golden triangle as the place to do business, going by the growth in business numbers.

Happier days

They call economics the dismal science. This is because economics often involves analysing difficult choices, resource constraints, and societal conflicts, which can lead to conclusions that are sobering or pessimistic.

It's possibly also the science of tough love.

Accept interest rates are not going to be as low, nor housing the economic driver it once was. The new and better era involves taking real risk to make real money. The Mood of the Boardroom suggests businesses are up for it.

Future governments will face tough choices, with the bond market providing oversight.

There is a collection of small things in themselves that perhaps aggregate up to a bigger story.

We are having more debate on issues we've kicked down the road, such as New Zealand Super. Almost everyone is backing more into KiwiSaver. Congrats to the departing chief executive of ANZ, Antonia Watson, for accepting the need for a capital gains tax. It will not be a wrecking ball across the economy.

> The economic scorecard for New Zealand is a bunch of liquorice allsorts.
>
> Cameron Bagrie

Education has become a key election issue. Wow and hooray!

Many council amalgamation plans, despite being parked for now, could be ignited in 2027.

While higher energy prices force de-industrialisation, renewable and solar energy investment is roaring.

Congrats to various journalists and media personalities for trying to get consensus in debates and politicians for signalling some.

Competition policy and structural ideas to improve market outcomes are being put on the table. Many sectors will not like proposals but competition policy links two major crises in this country: the cost of living and the income (low wage) crisis. Competition lowers costs and drives innovation and efficiency. We need to go hard in this area.

The young are flexing their political voice, calling for different economic direction, some nutty and some not. But they are expressing a voice that is overdue. The boomers have been over-represented for too long.

Each month the property market stagnates, I become more upbeat.

There appears to be some maturity over what a change of government could mean. Business confidence, a red/blue oscillating measure, has remained robust, despite polls suggesting a cliffhanger. Investment must be able to straddle political shenanigans.

The bottom line

In an uncertain world where the only certainty is uncertainty, three years of economic pain is making way for economic and social gain.

We have growing acceptance of the need for change and more examples of it. There will be more gestation issues — but bring it on.

● *Cameron Bagrie is principal economist at Bagrie Economics, a premier boutique research firm.*

How about a vision for New Zealand?

Election campaign negativity is driving voters to minor parties, says Dentons chairman

Tim McCready

Hayden Wilson says the biggest thing missing from the election campaign is a sense of where either major party wants to take the country.

Chairman of Dentons New Zealand and global vice-chairman of Dentons, Wilson says voters are being given plenty of reasons to vote against the other side, but far fewer reasons to believe in what comes next. "Neither of the major parties is selling a vision," he says. "They're not talking about anything that speaks to what New Zealand could be in the future."

Wilson made the same case in last year's Mood of the Boardroom, warning that government "isn't a business school exercise — it requires vision". With the election weeks away, he says that need is even greater. Both major parties, he argues, are campaigning on a variation of the same line: "we're not the other guys".

"It's relentlessly negative. And I get it — it's negative because it probably works."

The cost, he says, is that voters are looking elsewhere. "For me, that is probably the primary driver of the rise of the minor parties." He points to the Opportunity Party, which has found space in the centre. "Say what you like about their policies, one of their attractions is that it is something new. All of a sudden, there's someone saying, 'Hey, maybe there might be a better way.'"



> Neither of the major parties is selling a vision. They're not talking about anything that speaks to what New Zealand could be in the future.
>
> Hayden Wilson

Wilson doesn't expect the campaign to settle the country's biggest questions. What he wants is a sense of direction: "Someone saying, 'Broadly, this is where we want to go, and this is how we're going to get there.'"

He lists the "big rocks" New Zealand will need to tackle over the coming decades: funding superannuation, closing the infrastructure deficit, and lifting investment in defence and security as the world grows more volatile. But the ideas on offer, he says, are recycled. "No one's talking about how to solve those problems or offering new ways to do it. They're all variants on things we've already done — do more of this thing, or less of that thing."

Enable growth, don't demand it

Wilson says business keeps hearing the same message from politicians — lift productivity, innovate and grow. He asks, what is the Government doing to make that easier?

"It's not enough just to stand in front of business audiences and say, 'You need to be radically disrupting yourselves.' New Zealand businesses are doing that. But what is the Government's idea of how it creates the conditions to enable growth?"

For Wilson, that means derisking investment in an uncertain world, attracting the international talent the country needs, and getting capital to businesses that can use it to grow.

"That is the role of government — rather than simply saying, 'Well, you need to get out there and smash it,' or focusing on the structure of the grocery sector or the electricity sector."

Cohesion is important too

For Wilson, the argument goes beyond economics. He sees social cohesion as one of the biggest issues facing New Zealand. He describes the Treaty Principles Bill as "a completely unnecessary distraction for the Government, for a policy that was never going to proceed.

"It created a platform for a really unpleasant debate on something that needs to be dealt with very carefully."

Then there's the growing perception of a K-shaped country, "where some people are doing quite well and some people are really, really struggling".

Those are the kinds of things that feed disengagement from political life, he says, leading to protectionism and nationalism. "Those are not positives for a small trading nation like New Zealand."

He argues political leaders need to handle those divisions with care, pointing to former Prime Minister Jim Bolger and his Treaty of Waitangi Negotiations Minister, Sir Douglas Graham.

"It's incumbent on our political leaders to take really careful and nuanced leadership positions in that debate," he says. "Where are those leaders now? They're not there."

Growth is only part of the job

Wilson says the Government's focus has been "relentlessly economic".

"The role of government is economic, but it's more than just economic. The obligation of any government is to make things better for the whole of society. It feels like they've only got one lever." Debt is the clearest example. "Everyone accepts it needs to come down. The question is how quickly, and at what cost?"

Ultimately, Wilson sees growth and cohesion as part of the same challenge.

"Where's the political leadership to say, 'Look, we're all in this together.' How do we ensure New Zealanders as a whole community succeed in the next five, 10, 15, 50 years?' For me, that ties back to the same questions: where's the leadership, and where's the vision?"

Dentons New Zealand is a sponsor of the Herald's Mood of the Boardroom report



MOOD OF THE BOARDROOM 2026

Shopping around for a solution

Business leaders are unimpressed by supermarket shake-up policies, writes **Tim McCready**



Business leaders are unimpressed by the supermarket policies being taken into the election.

Plans to break up, restructure or directly compete with the grocery duopoly all scored below 2 out of 5 in this year's Mood of the Boardroom survey.

National has proposed amending the Grocery Industry Competition Act within its first 100 days, then giving the Commerce Commission six months to assess whether Foodstuffs should be separated into two entities: one combining New World and Four Square, and the other Pak'nSave.

If the commission recommended separation, National says it would legislate to implement it.

The boardroom is unconvinced.

Respondents gave National's proposal an average score of just 1.83 out of 5, where 1 was 'not impressive' and 5 was 'very impressive'. More than half — 51% — gave it the lowest possible score of 1 out of 5.

"The Foodstuffs move seems to be driven more by the need to be seen to be doing something than by any strong rationale," says a property sector director.

Another non-executive director is similarly sceptical: "Signalling the potential break-up of privately held businesses is unhelpful."

An energy sector leader warns the policy "will increase the cost of capital for all industries in New Zealand as businesses and their funders ask 'who is next?'"

New Zealand First has proposed splitting Foodstuffs into two national co-operatives. Its policy scored 1.76 out of 5.

Labour would require Foodstuffs and Woolworths to operate independent wholesale businesses, guarantee smaller grocers access to wholesale supply on fair terms, and free Four Square operators from restraints of trade.

This policy scores 1.81/5, with 47% rating it 1/5.

The Green Party's KiwiMart proposal — a $2.8 billion plan that would bring 120 stores and two distribution centres into public ownership to establish a state-owned supermarket chain — received the lowest score of all: 1.15 out of 5. Some 86% of respondents gave it a 1.

Act opposes a restructure of the incumbents. It says it would instead make it easier for a new operator to enter the market, through streamlined consenting and fewer council hurdles.

Boardroom out of step with voters

The boardroom's verdict is much harsher than the public's. A Talbot Mills poll commissioned by Foodstuffs found 45% of respondents supported National's policy to investigate separating Pak'nSave from New World, with 38% opposed.

But even so, voters are not convinced it would make a difference at the checkout. Just 28% of those surveyed believed forcing the separation would lower grocery prices. A Verian poll for 1News found only 32% thought any of the parties' proposed policies would lead to lower grocery prices within three years.

Agreement on the problem

New Zealand's grocery market is dominated by Woolworths and Foodstuffs. Australian-owned Woolworths operates the Woolworths supermarket chain, while Foodstuffs comprises two co-operatives — Foodstuffs North Island and Foodstuffs South Island — whose owner-operators run Pak'nSave, New World and Four Square stores.

The Commerce Commission's 2022 market study concluded competition in the retail grocery sector was not working well for consumers, and recommended a package of measures aimed at improving price, quality and choice.

At the time, it estimated the major grocery retailers were earning excess profits equivalent to about $1 million a day.

The Government responded by creating a Grocery Commissioner and passing the Grocery Industry Competition Act. In 2024, the commission declined clearance for the two Foodstuffs co-operatives to merge, saying it was not satisfied the deal would avoid substantially lessening competition.

Progress since has been slow. The commission's latest annual grocery report, released in June, found "little observable change in core competition metrics", with the two groups' combined market share essentially unchanged at around 80%.

The search for a third major player has also stalled, with The Warehouse ruling itself out last month.

The low policy scores do not mean business leaders believe the grocery market is working well.

A healthcare executive argues that addressing cost-of-living pressures "requires targeting monopolies".

They support "formal inquiries into margins across major banks, the grocery duopoly and energy gentailers to lower everyday costs".

While many accept there is a competition problem in groceries, there is little confidence that structural decisions designed in the heat of an election campaign will solve it.

My top issue: Dairy CEO

There's a tall poppy culture and mindset among too many people as often promoted by the left.

I think New Zealand's greatest challenge is not the usual productivity, housing or demographics - I think a bigger problem may be discomfort with ambition and success.

Too often those who build great businesses are questioned rather than celebrated.

A country that wants higher productivity and prosperity needs more people willing to succeed, and a culture that applauds them when they do.

We can be successful and Kiwi and humble.



Keep corporate taxes simple and internationally competitive

There's room for improvement – but not at any price, says **Robyn Walker**

Robyn Walker is a tax partner and board member at Deloitte. Deloitte is a sponsor of the Herald's Mood of the Boardroom report.

Gone are the days of loud public cries for a corporate tax cut. The mood of the boardroom is that there is no longer a thirst for corporate tax cuts at all costs, but they are the preferred choice for stimulating business investment to ultimately grow the economy.

While the survey results reveal some tension, they demonstrate more nuanced and considered views on the company tax rate. Businesses recognise the need to improve New Zealand's international tax competitiveness, with half of respondents (50%) viewing the current system as uncompetitive. However, concern about government debt has tempered support for immediate reform, raising questions about both the timing and fiscal cost of change.



Debt vs tax

The fiscal hawks were out in force when completing the survey, with a desire to get the government books in order preferred over tax relief by a ratio of nearly five to one. The ongoing messages about the cost of government debt are resonating with business, which understands the benefit of a healthy balance sheet.

Despite the preference for paying down debt, 52% of respondents want to see a company tax rate reduction in the next term of government, something which may absorb much of the forecast $4 billion surplus in 2028/29 under the Pre-Election and Fiscal Update 2026. The potential inconsistency between prioritising debt reduction and still wanting a tax cut may point to a question of sequencing, with respondents seeing stronger government finances as a prerequisite for future tax reform.

There is an appreciation that tax is necessary for the type of society that we want, with an expressed desire to preserve frontline services, particularly in health and education, but respondents showed limited support for raising taxes on business. Respondents instead identified reductions in lower-value spending as their preferred pathway to debt reduction.

Respondents drew parallels between government and business cost discipline. Some argued that businesses that have had to make tough choices don't want to fund a government that isn't prepared to do the same.

Rate reduction vs targeted incentives

When asked what tax change would have the greatest effect on business investment, there was a clear winner, with a lower company tax rate being the top pick for 41% of respondents. The rate reduction was 2.5 times as popular as the next most popular options: accelerated depreciation and research and development (R&D) incentives.

A wholesale rate reduction may appeal because it spreads the benefit across businesses rather than picking winners. Written responses reflected mixed experiences of research and development incentives with one respondent supporting them, while another described them as complex and administratively inefficient.

Within this survey group, Investment Boost has had a limited reported effect on business investment. Only 24% indicated it had increased investment, while 60% said it had made no difference. Political uncertainty may partly explain this result, particularly for larger investments with lead times that span electoral cycles. A respondent praised Investment Boost as being a good policy in principle because it rewards investment in productive assets but considered it less effective for the services sector than a reduction in the headline company tax rate.

No new taxes vs the right taxes

While "no new taxes" is a message that may resonate with a business audience, survey responses also suggest concern that this policy precludes bolder reform. Survey respondents were reminded of Sir Bill English's "tax switch" (a reduction in company and personal taxes, funded by an increase in GST) in Budget 2010 and asked if the time was right for another tax switch to ensure our tax settings are competitive. Just over one third were unsure. Among respondents expressing a yes-or-no view, support for another tax switch ran at roughly two to one. One respondent agreed that we didn't need a bigger tax take but we needed "a smarter one that makes it worth working, building a business and hiring". A tax switch which resulted in the same level of overall tax but a lower company tax rate would be one way to satisfy the desire for a competitive tax system to encourage economic growth and attract foreign investment, while not disrupting the current pathway to surplus in 2028/29 and the repayment of debt.

Revenue vs inequality

Wealth inequality is increasingly on the minds of the boardroom, with 26% of respondents holding a view that more taxes are required to address wealth inequality. However, the majority still hold the view that more taxes are not required, with one respondent noting that "we need to focus on economic growth to reduce poverty and increase salaries". The rise of wealth taxes from being a fringe idea to having a degree of mainstream acceptance is weighing on the minds of some, who are concerned about the risk of wealth flight, citing examples from some of the few countries that currently have a wealth tax. One respondent noted that the existing progressive nature of the tax system means that it is not the cause of inequality; rather, the true solution lies in better access to education and housing.

The survey also tested views on the purpose of the tax system. Should the tax system focus on raising revenue in the most efficient way, or should the tax system do other things, like redistribute wealth? Respondents voted by more than four to one that the tax system should focus on being as efficient as possible with revenue collection, rather than being a tool to solve social problems. Respondents noted the additional complexity that comes from having the tax system do more than collect revenue detracts from the desire to have a simple tax system that encourages people to work, invest and grow businesses. Collecting tax efficiency with the revenue spent providing social support was viewed as the better way to address inequality.

Overall, the survey points to a clear preference for a tax system that is simple, predictable and internationally competitive. The challenge for the next government will be to consider those objectives alongside the fiscal position, the need to maintain essential public services and the distributional effects of reform.

We need to tackle tax and reduce it

Anne Gibson talks to Peter Thompson, Barfoot & Thompson managing director for the last 21 years, about the need for tax reduction, keeping the Resource Management Act reform and more infrastructure spending.

Barfoot & Thompson is a sponsor of the Herald's Mood of the Boardroom report

You are more optimistic about the New Zealand economy than you were a year ago, but say the Iran war and election have slowed your market. What makes you confident the economy will improve?

Once the election is over, people get on regardless of who takes office. It gives certainty. People will make decisions.

At the end of 2025, things seemed to be improving. January and February this year had more listings and sales until the tariffs, but the Iran and Ukraine wars and petrol price rises all took their toll.

It's cast a lot of doubt in people's minds about what's happening around the world, and that's a global phenomenon.

You say the property market could "take off" once the election is over. What needs to happen for that to occur?

We may see more properties on the market. I'm optimistic that people will move on, once the election is out of the way.

I hear that from other industries too, "Once we know who the Government is."

Immigration settings are your greatest domestic concern. What specifically is wrong?

The new Golden Visas have been positive for the economy, but our tax rules are an issue for some overseas buyers making $5m-plus property purchases, fearing they could be charged double.

A paper has been presented on tax reforms to allow more people to come here, and I believe we do need more people here, not at the expense of New Zealanders missing out on property though.

Infrastructure and regulation are the biggest constraints on growth, you say?

Roading has improved and we're getting more motorways.

Infrastructure is often lacking around new housing subdivisions.

Better planning is needed.

The City Rail Link is positive for Auckland, bringing more people back into the central city.



If company tax was reduced, we'd see more investment in business.

Peter Thompson

If the Government changes, you are concerned about reversing fast-track consenting, Resource Management Act reform and investment boost. Is policy instability something that concerns you?

Some parties have indicated reversing the RMA reforms. We don't want to be changing it.

This is creating uncertainty generally.

One wonders if it will have a major effect on us all if there is a change in Government. Will people leave New Zealand?

You want lower company tax and say we are not internationally competitive, yet you also say faster debt reduction should come before tax relief. What should be the priority?

We will only progress as a country if we can tackle tax and reduce it.

If company tax was reduced, we'd see more investment in business. That would allow more jobs and opportunity for growth.

AI is already being used at your agency. Where are you seeing the biggest productivity gains? Will it cut the number of jobs in real estate?

We are not designing it to cut jobs, I'd be horrified if that was the case.

That's not what we want.

We're looking at more efficiency of work done by the agents, most probably via legal aspects, in particular. We can create agreements faster by using our database and AI, which allows us the ability to speed up work processes, which gives all workers a better working life and less pressure.

You rate New Zealand only 3/5 on attracting the foreign investment it needs. What is stopping international capital from coming here?

Our immigration rules are too restrictive. Rules around who can buy property here are also too narrow.

If we want to allow people to come to grow our country, we need to make it more attractive to them.

It would be nice to keep population around 5m, but we won't keep advancing without more people coming in.

If you could give the new Government three instructions on the economy, what would they be?

First, grow infrastructure.

Second, reduce the cost of living, particularly by axing GST on essential food items, but increase it on luxury items.

Third, RMA reform is essential, particularly reducing the amount of time needed for resource and building consents.

Legally, it's 20 days, but we're waiting for consent on one of our buildings, and it's 80 days so far, because they keep coming back and asking questions.

It's those sorts of things that frustrate business.

MOOD OF THE BOARDROOM 2026

US demand for premium proteins drives Fonterra's ambitions



Mood of the Boardroom
Andrea Fox

Fonterra's growth ambitions are at full throttle as premium-paying markets like the United States demand New Zealand's highly-reputed dairy protein, but at home, the big exporter fears the brakes are on in the economy.

As the country's biggest company readies to increase capital and IT expenditure and forecasts revenue and profit growth, its managing director co-operative affairs Matt Bolger says national labour productivity is stubbornly slow to rise, technology uptake ambition is small and energy supply resilience a real concern.

All this while New Zealand struggles for more access to high-value export markets to provide greater diversification at a time of major geopolitical uncertainty.

Fonterra can cite $25 billion in export earnings for the 2026 financial year, with $19.6b of this returned to the economy, and a $1b investment recently announced in the production of more South Island value-add ingredients. However, it also offers another stark statistic.

Bolger estimates New Zealand has access to only around 14% of global dairy consumption at tariffs below 10%.

"Trade access is extremely important to us and we applaud any work done by ministers and officials to open up more access. We get that it's hard and that there are a lot of things going the other way.

"We need to maintain the access we have and keep dairy access on the table — that's a really important thing."

New Zealand's need to invest in energy supply is also top of mind.

With coal use banned after 2037 and the natural gas supply dwindling faster than expected, Fonterra, as a perishable product processor, is particularly vulnerable if energy supply is threatened.

"If we can't run factories for a day or a week, that has enormous implications because you can't stop the product flowing. The potential for having energy outages that last any time is very bad, but if they last more than a few hours, that has huge implications for us and our customers, and ultimately farmers and the wider economy."

Fonterra no longer uses coal to fire its North Island manufacturing plants and is investing substantially and quickly to decarbonise and convert to biomass and wood pellet energy for its boilers, Bolger says.

> If we can't run factories for a day or a week, that has enormous implications because you can't stop the product flowing.
> Matt Bolger



"We've seen firms closing outside our sector due to energy pricing and energy supply uncertainty. We think energy resilience needs to be one of the key priorities for any sort of economic development out of any government."

On productivity, Bolger says there's "a sense of frustration" that New Zealand hasn't been able to lift it.

"To give credit to farmers, they have steadily lifted productivity through genetics and pasture and animal management. We're trying to do what we can with technology and so on in our factories, but it does feel like there is something that holds us back.

"Maybe it's thinking a little bit too small around the use of technology in firms or maybe it's the fact we are a nation of small-to-medium enterprises and it's hard to get the scale needed to deploy technology."

Meanwhile, Fonterra continues to develop the US market for protein products and highly nutritious ingredients, now one of its most important growth engines.



While it's not a new market, consumer understanding of health nutrition has finally caught up with Fonterra's science and research, Bolger says.

"We've been doing the science on functional proteins and the value of dairy proteins, as opposed to generic protein for decades, and we've been trying to sell them in there for a while. Now consumer understanding has matured a lot.

"Health trends come and go but protein is very good and the story around GLP-1 drugs is having quite a leading effect on people. They're losing a bit of weight, eating fewer calories a day and focusing on the quality of what they're eating a lot more. Even if you're not taking that medication, that's mainstreamed a lot of the discussion around the quality of what you're eating."

GLP-1 is a natural hormone released by the gut after eating. It helps control blood sugar and signals the brain that the gut is full.

Bolger declines to give a percentage of expected future earnings growth from specialised proteins, but says it will be significant.

So how will Fonterra ensure the value of US protein market growth is captured in New Zealand?

Bolger says the "vast majority" of Fonterra products are sourced from New Zealand, returns from which flow back to farmers and shareholders here.

On whether New Zealand has the energy infrastructure, skills and research capability to become a global specialised dairy product producer, he says Fonterra already is, supplying many of the world's leading food makers.

And while New Zealand's limited dairy market access is concerning, Bolger says the good news is many global customers are paying a premium.

"New Zealand butter has traded at a significant premium to US and European butter for a substantial time now — even the commodity sort. Customers value the taste, mouth-feel, colour and the grass-fed way our farmers farm here."

So, is Fonterra's optimism an outlier to the national economic mood?

Bolger says first it must be acknowledged "it hasn't always been this way. A lot of hard work" has gone into Fonterra's now-strong balance sheet and confidence to invest.

"The organisation's matured a lot in the last 10 years, in its understanding of risk, policies around risk, and management of balance sheets and capital allocation," he says.

"There's also fundamentally a deeper understanding of our identity as a New Zealand farmer-owned co-op, and while that can sound a bit like a slogan, it really does affect how to think about your strategic choices.

"Because it's so clear that we'll always have to process our farmers' milk and sell it for as much as possible offshore, that means when we're making capital decisions, we'll never put that core function at risk.

"In the past we may have lost sight of what was core and what was optional, but the core is very, very clear to us. Having the machine working very well now, generating great cashflows from food service into Asia and proteins into the US and Europe, it's now getting us into a position where we can invest with a very strong balance sheet."

AgriZero gains leverage as climate tech funding dries up

Andrea Fox

The commercial opportunity in agriculture decarbonisation is now wide open after a sharp downturn in capital available for climate mitigation and agri-tech, says public-private investment partnership AgriZeroNZ.

Chief executive Wayne McNee believes the market is underestimating the opportunity after a big change in investment attitude in the past three years amid geopolitical uncertainty and a new focus on food security and fuel issues.

"When we started there was a lot of capital available in this area, we were struggling to get into some of the investment rounds with companies because they had so much capital available.

"People's focus has moved elsewhere. The benefit for us is we get a lot more bang for our buck when we invest in companies. We tend to get a larger share, almost certainly a board seat."

Of course, the flipside is that new technology companies are also now struggling to raise capital.

"There are probably 10 venture capital firms internationally that are still investing in this area, and we're one of them. There used to be probably 100," says McNee.

"A lot of them have moved away into AI and data centres and the like where they think the big money is. I think there is a missing opportunity here, because I think the focus on climate mitigation will come back. We can all see the climate changing."



> The benefit for us is we get a lot more bang for our buck when we invest in companies.
> Wayne McNee

AgriZeroNZ was set up in 2023, the world's first public-private partnership helping farmers reduce emissions while maintaining profitability and productivity.

Half-owned by the Government and half-owned by major agribusinesses and banks, its job is to undertake targeted investments and actions to accelerate development, commercialisation and deployment of effective and affordable solutions to be used by farmers. Private sector funding is matched by the Government, dollar for dollar.

McNee says in terms of potential, two methane vaccine programmes, one in New Zealand, the other in the US, have "huge" scalable potential and are relatively inexpensive to make.

"We think that sort of technology will be very valuable in the future."

McNee says the partnership has had to widen its technologies portfolio because when it was set up, it was thought tools were much closer to market than they were.

He expects the first tool to be commercialised this year, with up to six more coming to market in the next two years.

AgriZeroNZ partners recently agreed to invest another $117 million in the venture.

The new funding is on top of $191m previously committed to the partnership and takes total funds raised to $308m.

Zespri: India set to become key market in next decade

Kiwifruit exporter Zespri expects India to become a key market in the next 10 years.

Chief executive Jason Te Brake says the world's fastest-growing large economy presents a huge opportunity, with the new India-New Zealand Free Trade Agreement set to support long-term growth of the $5 billion New Zealand kiwifruit industry.

With growing demand for healthy, premium fruit among India's 1.4 billion population, there is "considerable scope" to expand the kiwifruit category over time, Te Brake says.

As the New Zealand kiwifruit sales season winds up, the marketer reports another record crop of more than 225 million trays offered to 50-plus markets.

"Our focus is now turning to our upcoming Northern Hemisphere supply season, with around 36 million trays expected, including 28 million of SunGold, up 16% on last year, and a further eight million trays of green," Te Brake says.

"The continued growth of our Zespri Global Supply programme is helping us meet increasing demand for premium kiwifruit in key markets year-round and strengthening our ability to support customers with 12 months' supply."

Zespri is also continuing to expand fruit production in the Northern Hemisphere.



Zespri chief executive Jason Te Brake says the new India-New Zealand Free Trade Agreement is set to support long-term growth of the $5 billion New Zealand kiwifruit industry.

Te Brake says markets including China continue to evolve rapidly, with Zespri seeing development of China's own gold fruit production.

"Local capability is increasing, investment in infrastructure continues to grow and competition is becoming more sophisticated.

"That's why we are continuing to have a discussion with the industry about our future approach in this important market."

Zespri is owned by present and past growers and has the statutory right to export all New Zealand kiwifruit, except to Australia.

— *Andrea Fox*

'We really need to open up new markets'

Market concentration is a risk for the wine industry in these uncertain and trade-troubled times and calls for a united approach to open new export destinations, says a sector leader.

Indevin chief executive Simon Limmer says New Zealand's biggest wine market the US has been "a rollercoaster of uncertainty" over tariff impositions, however taxes in other markets, such as Europe, have become almost just as challenging.



Simon Limmer

"We are better together in building the New Zealand wine category. The New Zealand industry is both small and fragmented, so we are better off trying to take a collaborative approach to opening new markets and creating some understanding and momentum behind New Zealand wine.

"We really need to open up new markets."

Indevin is New Zealand's biggest wine company. While the US market is number one for Kiwi wine valued at around $760 million, for Indevin it is second biggest after the UK. The industry faces a cumulative $112m economic blow from new extra duties and tariff burdens.

Wine has been particularly exposed to the effects of the US imposing a 12.5% import tariff on some New Zealand products in July. The new tariff replaced an earlier, temporary tariff of 10%.

Limmer says the new US tariff is not a game-changer for the company in terms of its future in that market. More challenging has been the uncertainty and volatility. US trade policy has had one small upside, presenting Canada as a new market opportunity with American wine off Canadian shelves in the trade war between the countries.

Limmer says for Indevin, Canada and Ireland are growing markets, there's opportunity in China and the India-NZ FTA has promise but will be a "slow burn" to a meaningful impact. The Australian and New Zealand markets remain challenging.

"The good news for us when the wine industry is feeling under threat globally is that New Zealand wine is continuing to buck that trend. Our lighter styles, the distinctive flavours we have is a real point of difference for us.

"We need to band together to the extent that we can and create some scale. We're better selling the New Zealand story collectively."

Limmer believes that after a lot of "resetting" in the past 12 months, the company and the industry is now in much better shape to rebuild. "I think next year will continue to be tough but I'm optimistic the wine industry will see a recovery."

— *Andrea Fox*

Traceability rules could give our meat an edge, says Silver Fern Farm chief

United States trade policy is the most obvious example of how fast trading conditions can change, but new tariffs aren't the only geopolitical instability headache for export-dependent New Zealand, say meat industry leaders.

Dan Boulton, chief executive of multinational Dunedin-based meat company Silver Fern Farms, says tariffs and trade barriers are increasingly significant but the challenge is broader than tariffs.

"We are also seeing increasing requirements around traceability, assurance, environmental outcomes and supply chain integrity. These can add cost and complexity but they can also create competitive advantage for New Zealand if we can credibly demonstrate how our products are produced."

Meat Industry Association chief executive Nick Beeby, whose organisation represents members of the $12.8 billion meat export industry, says the US is the sector's largest market and tariff policy has created uncertainty.



Dan Boulton, Silver Fern Farms CEO.

While New Zealand beef is exempt from the additional 12.5% US tariff imposed on Kiwi imports this year, lamb exports face a specific risk from the US International Trade Commission's safeguard investigation into imported lamb, he says.

A 12.5% tariff has been applied by the US to New Zealand sheepmeat.

Beeby says New Zealand is confident its lamb exports pose no threat to the US sheep industry and any action targeting New Zealand is unjustified.

China has implemented quotas on beef imports following its own safeguard investigation, he says.

"While New Zealand has a good quota volume, we have seen the impacts on the constrained access for Brazilian and Australian beef products on the beef trade with China and global markets."

The NZ-EU FTA has improved sheepmeat access and lowered beef tariffs but beef access is still limited.

In contrast, tariff-free access with a commercially meaningful quota under the NZ-UK FTA has supported strong growth and market diversification.

But in some emerging markets, low tariffs are undermined by costly non-tariff barriers such as duplicative certification, inconsistent technical requirements and administrative delays, Beeby says.

"Tariffs are one factor in export decisions, alongside demand, customer relationships, freight, regulation and the practical usability of market access. Free trade agreements cover about 75% of red meat exports but non-tariff barriers can outweigh low or zero tariffs by adding cost, delay and uncertainty."

Non-tariff barriers are estimated to cost the sector more than $1.5b a year.

SFF's Boulton says any escalation in trade tensions between the US and China creates risk for New Zealand, however the country had important strengths.

"We produce food that is in demand globally, have access to a diverse range of markets, and our production system has attributes around provenance, traceability and resilience that customers increasingly value."

Tariffs introduce cost and distortion into the system, Boulton says. "For New Zealand exporters, the best protection is to remain competitive, maintain multiple market options and build differentiated customer relationships where purchasing decisions are based on more than price alone."

— *Andrea Fox*

Agricultural and food supply chains top priority list

Rising food production and transport costs in New Zealand and offshore are expected to push food prices higher, says the Ministry for Primary Industries.

Director primary sector policy Alastair Cameron says global scarcity of fuel and other critical inputs such as fertiliser is increasing production and transport costs around the world.

"New Zealand exporters cannot easily raise prices, so higher production costs initially reduce producer margins rather than increasing consumer prices. Rising production costs, both in New Zealand and in competing food-producing countries, are expected to push food prices higher."

On the brighter side, this could benefit Kiwi exporters, Cameron says.

Higher commodity prices could allow companies to recover some of their increased on-farm costs, such as fuel, through better offshore returns, with meat prices an example.

Federated Farmers says with the cost of diesel doubling since the US-Iran conflict, for some farmers, particularly arable producers, profitability is going backwards.

Federation transport spokesperson and national arable chairman Chris Dillon says diesel is a critical operational input that underpins food and fibre production.

Cartage contractors are now looking at adding a fuel adjustment factor to their charges, he says.

While satisfied New Zealand has sufficient strategic fuel reserves to protect critical agricultural and food supply chains, Dillon warns that mounting supply challenges related to crude oil, tankers and refining capacity internationally could quickly change any forecast and fuel tankers on the water could be diverted to other markets.

NPDGull chief executive Barry Sheridan says no one knows what will happen in the Gulf.

"Our response — and what we have planned over the next 12 months — is to invest in the sites, trucks and storage capacity that gets competitively priced fuel closer to the rural economy."

Fertiliser heavyweights Ravensdown and Ballance Agri-Nutrients are closely monitoring the global fuel supply disruption.

Ravensdown chief executive Garry Diack says while prices have been impacted and there have been some changes to the origin of supply, domestic and international fuel supply has remained uninterrupted.

Higher fuel prices raise the cost of importing fertiliser, transporting it and applying it on-farm, he says. The disruption also creates shipping cost uncertainty.

Ballance chief executive Kelvin Wickham says government monitoring shows supply remains stable but the greater risk over the next 12 months is that a prolonged Middle East conflict will hit farmers with higher diesel and fertiliser costs at the same time, since both depend on the same region and shipping routes.

— *Andrea Fox*

India free trade deal opens doors



Agricultural envoy Nathan Guy has come back from a week in India convinced the free trade deal has opened doors to a vast market.

"I met the Taj Hotel procurement team," says Guy. "Their customers tend to be higher end and our reputation as a safe producer of premium food puts us above the pack. New Zealand lamb is already on the menu and they are likely to target lobster, kiwifruit, apples and manuka honey as tariffs reduce or are removed on October 20".

"While wool and wood have long established trading relationships into India, they both will enjoy tariff relief as well."

Guy says half of India's 1.4 billion population eats meat, the other half vegetables, "so the opportunity across our primary sector is huge".

"I visited apple and kiwifruit orchards high up in the northwest at Shimla and east at Kohima where New Zealand expertise will help their growers lift productivity. This co-operation is an important part of the free trade agreement and ultimately will help grow fruit demand in India.

"Because of their massive population I don't see them being an export threat as we are counter seasonal and own superior varieties. It's well known 5-10 years is considered a short time in India so turning up again and again is vital."

MOOD OF THE BOARDROOM 2026

Momentum hinges on

Industry leaders say air connectivity is the biggest constraint, writes **Grant Bradley**



With all the tourism numbers pointing up, tourism and aviation leaders say there are plenty of ways to keep up the positive momentum.

While war and other geopolitical uncertainty clouds the outlook, those leading tourism businesses, airports and airlines say the country's number two export is well positioned to grow and move diverse capacity to meet demand.

Despite there being some well-publicised local infrastructure problems at pinch points in the South Island, tourism business leaders say there's a need to look wider at the total offering of New Zealand — and the country is doing well.

Holiday spending is closest to full recovery following the pandemic. But whether it be thousands of Jehovah's Witness delegates from 20 countries at Eden Park or Te Pae Christchurch Convention Centre, New Zealand is competing successfully against established Australasian destinations, and the profile of an international visitor is changing.

Following consultation with the industry, Tourism New Zealand is now promoting the country to those wanting to visit friends and relatives, in a sign of a more nuanced approach to attracting visitors and taking pressure off tourist infrastructure.

> We know that today's backpacker visitor is tomorrow's high-value visitor.
>
> Justin Watson, Christchurch Airport

Visitors are also entering the country at different places, with South Island airports collectively welcoming more than one million arrivals in the year to June and Christchurch Airport looking forward to a 20% increase in international capacity, making it its biggest summer ever.

New Zealand's geographic position acts as something of a deterrent — and also a blessing for attracting the much-sought-after high-spending visitor.

While not quite back to pre-Covid levels, when adjusted for inflation, Ministry of Business Innovation and Employment data shows international spending in the year to June is up by 20% on the previous year, reaching $14.3 billion.

Spending growth has been particularly strong from New Zealand's top three visitor markets — Australia, up 25% year on year to $4.4b; the United States, up 20% to $2.2b; and China, growing 26% to $1.5b.

While airlines are feeling the pain of absorbing fuel price shocks, latest hotel revenue figures paint a sunnier picture.

Horwath HTL says revenue per available room is up 10.2% year-on-year, driven mainly by Auckland, Christchurch and Queenstown. Occupied room nights rose about 5%, as international demand increased 17%, offsetting a 1.5% decline in domestic demand.

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more air capacity

Māori tourism is growing. Research commissioned by New Zealand Māori Tourism and undertaken by BERL established that in 2023, Māori tourism accounted for $1.2b of GDP, an increase from $975 million in 2018. Overall, there were 3595 Māori tourism businesses, employing over 15,000 people. This month it was further boosted when *East of Eden* star Florence Pugh spoke on United States television about how special a pre-shoot pōwhiri was, saying it left her "full of power and love".

Lynda Keene, chief executive of the Tourism Export Council says that as a long-haul destination that isn't cheap or easy to reach, New Zealand naturally attracts high-value visitors.

"That holds across every segment we welcome: luxury, group touring, independent travellers, incentive and conference, and youth and backpackers. Whatever market they come from, these visitors stay longer and spend more than in many other destinations."

Christchurch Airport chief executive Justin Watson says the country needs both more and higher-value visitors.

"New Zealand only represents a tiny percentage of the global travel market, so we are a niche destination. The best growth is growth that delivers more value. That means encouraging visitors to stay longer, travel outside the traditional summer peak and explore more of New Zealand."

The airlines Christchurch works with already bring in high-value tourists, with every airline serving the city selling a business class and, in some cases, a first-class cabin.

"We know that today's backpacker visitor is tomorrow's high-value visitor who also brings along their family," Watson says.





Keene says her members report that those long-haul visitors leave happy, consistently saying this country was well worth the cost and the long journey.

MBIE data shows 95% of Kiwis rate tourism as being good for the economy, although there are regional differences in attitudes to it.

In Otago, 26% say there are too many international visitors, those figures show. Strain on infrastructure and additional costs for ratepayers ranges from a shortage of toilets in the Mackenzie Country to poor parking near North Island attractions.

Keene says context matters for the volume of tourists.

"The pinch points we've seen in the past, and those emerging again, come down to a lack of infrastructure in some areas. New Zealand doesn't have a volume problem. It has an infrastructure investment problem."

Christchurch Airport's Watson puts the link between aviation and tourism plainly.

"You can create all the demand in the world, but ultimately international visitors need a seat on an aircraft to get here."

And aviation capacity does more than support tourism. Those aircraft also connect New Zealand businesses with international markets and provide freight capacity for high-value exports.

"If we are serious about growing tourism, growing aviation connectivity has to be part of the same conversation."

Watson says Christchurch is positioned to become a bigger international gateway.

Air New Zealand's new direct services to Singapore, Tokyo and Perth from Christchurch are particularly significant because they give South Islanders more choice, while also making it easier for international visitors to begin their New Zealand journey in the South Island.

"The pieces are increasingly coming together," says Watson.

The biggest constraint on tourism growth is connectivity.

"Airlines have choices about where they put their aircraft, so we have to remain an attractive and commercially viable market. That means strong visitor demand, competitive costs, straightforward border settings and sustained destination marketing all working together."

The aim isn't to move visitors away from successful destinations such as Queenstown. It is to grow the whole South Island.

Tourism snapshot

For the year ending June, international visitors contributed

$14.3b
to the economy, up
20%
on the previous year.
3.67
million international visitors, up
9%
94%
of pre-Covid arrivals.
98%
of pre-Covid spending — after adjusting for inflation.
$3160
median spend in latest year — up 12% on the previous year.
$332
median daily — an increase of 14%.
$9.7b
on holidays — up 30%.
China had the highest daily spend at
$508
US
$399
Asia
$363
Median stay
10 days
German visitors had the longest median stay at
28 days
Source: MBIE

How tourism businesses can boost growth

Les Morgan
Sudima Hotels and Hind Management chief operating officer

At Sudima Hotels, the tourism mix is where it should be.

Compared with pre-Covid, travellers who come here have more to spend, says Les Morgan, Sudima Hotels and Hind Management chief operating officer.

"Volume-wise, we are at similar levels, but importantly, the market mix has changed. We are experiencing increasing demand for premium and luxury accommodation," he says.

The next generation of international tourism accommodation will likely be more weighted to the premium traveller.

This will be supported by "sincere service experiences" and heavily influenced by local design and strong environmental care.

New Zealand has battled a perception problem of being over-priced. That's no longer such a problem.

"Our comparatively low dollar with our key source markets places New Zealand as a destination delivering tremendous value," says Morgan.

With seven hotels throughout the country, he sees big opportunities in most segments, especially in the regions.

New Zealand hotel investment remains a sound asset class and is becoming increasingly attractive, he says.

"If yields are attractive relative to your funding arrangements. then the sector will continue to attract both investors and developers."

Hotel investment needs to be encouraged in regions where demand is foreseen and where supporting infrastructure is also planned.



Les Morgan

Ross Steele
Te Pae Christchurch Convention Centre chief executive

Open for just four years, Te Pae Christchurch Convention Centre is succeeding in the highly competitive battle for delegates.

Chief executive Ross Steele says the pipeline shows that demand for New Zealand remains strong.

"Organisers are increasingly attracted to destinations that offer sustainability, authentic experiences and meaningful event legacies, all areas where New Zealand performs well."



Ross Steele

Christchurch is making more international shortlists than ever before.

"The challenge is conversion, as competition is intense and other destinations are investing heavily in event attraction and bid support."

About 40% of Te Pae Christchurch's convention business in the next financial year is internationally sourced, reflecting the city's growing international profile, says Steele.

Business Events Industry Aotearoa figures show international conference and business event delegates spend an average of $645 a day here, twice the median spend across all visitors.

> Every major event should have a visitor strategy from the outset, with each ticketholder viewed as a potential tourist.
>
> Eden Park chief executive Nick Sautner.

Steele says business events should be a core pillar of New Zealand's tourism strategy.

Besides being high-value, they support year-round demand, fill hotels during shoulder periods and generate spending across the wider visitor economy.

As a long-haul destination, international air capacity and affordability are critical, but sustainable growth also depends on having the accommodation, transport and skilled people needed to deliver high-quality visitor experiences.



Nick Sautner

Nick Sautner
Eden Park chief executive

Chief executive of Eden Park Nick Sautner says New Zealand has become very good at delivering major events but is not consistently building tourism strategies around them.

The Jehovah's Witnesses Special Convention at Eden Park demonstrated what is possible beyond sport and entertainment, he says.

It attracted about 3500 international delegates from 20 countries, around 12,000 people from outside Auckland, many of whom stayed in the city for a full week. The event created substantial demand for accommodation, hospitality, transport and other visitor experiences.

The State of Origin in June next year is an opportunity to take an even more deliberate approach.

"We are working collectively on an integrated strategy to attract visitors from Australia and across New Zealand, encourage them to stay longer and connect the match with the wider Auckland and New Zealand experience."

The event creates the reason and date for travel, but the opportunity begins well before the gates open and continues after they close, says Sautner.

"Every major event should have a visitor strategy from the outset, with each ticketholder viewed as a potential tourist."

He says New Zealand's connectivity and the cost of travelling to, and within the country is a constraint on our ability to compete with other international destinations.

"We are not lacking global recognition or demand, but we are competing against countries and cities investing heavily in attracting domestic and international tourists."

Nikhil Ravishankar
Air New Zealand chief executive

Air New Zealand has seen soft domestic and Kiwi outbound demand, but inbound bookings are strong. North America continues to offer significant potential, particularly for premium leisure, says chief executive Nikhil Ravishankar.

Both China and Japan still have

continued on B36

MOOD OF THE BOARDROOM 2026

How tourism can boost growth

continued from B35

some way to go to return to pre-Covid numbers. India (on the consideration list for direct flights) and parts of Southeast Asia are increasingly interesting longer-term opportunities, while Australia remains enormously important because of its scale, proximity and ability to support year-round visitation.

Airline capacity can't simply be switched on.

Long-haul aircraft are significant investments, and every aircraft can potentially be deployed into multiple markets. Airlines therefore look at the strength of demand, route economics, airport and operating costs, seasonality and the ability of a market to perform over the long term, says Ravishankar.

The airline will have its existing Dreamliner fleet refurbished by the end of the year and more of the aircraft entering the long-haul fleet, although at a slower rate than planned.

"As our fleet availability improves and we bring new aircraft into the business, our intention is to pursue targeted growth where those fundamentals stack up."

Direct services are not the only answer. Strong partnerships and connecting networks can also allow Air New Zealand to build markets and give customers more ways to reach this country.

Stats NZ figures show international airfares were up 21% in the year to August – the biggest jump in three years – but Ravishankar doesn't believe the cost of getting here is a barrier to premium international visitors.



Nikhil Ravishankar

As the Government puts more money into supporting smaller airlines, Air New Zealand is reviewing its regional services. They're often the final link in the system that starts halfway around the world for some long-haul travellers.

"Regional connectivity matters enormously, but it also needs to be sustainable over the long term."

Carrie Hurihanganui
Auckland Airport chief executive

At Auckland Airport, chief executive Carrie Hurihanganui says there's a growing appetite for premium travel.

"We're seeing that particularly strongly from North America, with airlines responding to demand by providing more business and premium economy seats."

Another changing pattern is how Chinese visitors are travelling. Increasingly, they're travelling independently rather than in organised groups, putting together their own itineraries and exploring more of the country.



Carrie Hurihanganui

"That's a really positive change because it creates opportunities for more communities and businesses around New Zealand to benefit from their visit," says Hurihanganui.

As direct air links between China and New Zealand have grown, so has the visitor market.

The alternative is asking someone to make a one- or two-stop journey, potentially navigating transit requirements and competing for seats with passengers travelling elsewhere.

India is the other side of that equation.

"Right now, an Indian visitor looking at New Zealand generally needs to travel through a hub such as Singapore, Kuala Lumpur, Sydney or Melbourne.

If they're choosing between New Zealand and another aspirational destination with a direct flight, convenience matters."

Long-mooted non-stop flights remain on the radar for Air NZ and/or Air India but the airlines haven't committed to any timeframe.



Craig Bonnor

The tourism prize is a big one. In 2025, the World Travel and Tourism Council estimated 1.54 billion people travelled between countries last year and international visitor spending was close to US$2 trillion.

Hurihanganui says that while New Zealand has an extraordinary tourism proposition, there are plenty of extraordinary places in the world competing for the same visitor.

"We need a great tourism product and good value for money, alongside straightforward visa processes, direct air services and marketing that gets New Zealand noticed in a crowded global market."

Craig Bonnor
Managing director
Cordis, Auckland

The National-led Government plans to carve off more of the International Visitor Levy for local councils to spend. However, Cordis Auckland's managing director Craig Bonnor has another idea.

"Take a healthy slice of the GST revenue tourists generate and plough it back into visitor attraction," he says. "It could also fund tourism infrastructure improvements in regional areas where that is needed."

With the long-discussed bed tax as "on the rocks as last week's negroni", Bonnor says there are other ways the Government can help, by easing up on visa restrictions for countries with very low visa overstay rates.

With 640 rooms, Cordis, Auckland has a big presence in the hotel sector and Bonnor says the post-Covid return of the business traveller to New Zealand has been slower than that of the leisure traveller.

Rising airfares mean businesses are looking to cut back on the frequency of travel.

"Australia is the primary source market for business travellers, aside from domestic, which is also down. Their economic headwinds seem to outweigh the favourable exchange rate and increase in flight frequency," Bonnor says.

But the premium end of the market is very healthy, perhaps boosted by the weaker NZ dollar but overall the global trend to "premiumisation" is alive and well in New Zealand.

With the jet fuel price increases and the general cost of a holiday in New Zealand, it is unsurprising that the premium end of the market is more robust, he says.

New Zealand falls short in bid-funding required to win international conferences.

All convention organisations are significantly underfunded compared with similar bodies in Australia and Asia.



NZ needs ambition to win back its mojo

Aurecon chief Tracey Ryan says short-termism is costing business growth, writes **Andrea Fox**

New Zealand has lost some of its mojo, running on "short-termism" instead of ambitiously driving growth back into business and the economy, says a leading infrastructure consultancy chief.

Tracey Ryan, New Zealand chief executive of Asia-Pacific firm Aurecon, says she started the financial year optimistic, seeing opportunities. However, short-term thinking has continued to cost NZ Inc, causing businesses to keep right-sizing to adapt while critical skills are lost offshore.

"When some short-term political decisions get made, it creates a kind of ripple effect across the industry . . . and the real big thing about that is losing critical talent."

Ryan says the problem is lacking a predictable pipeline of infrastructure work that would give employers confidence to continue to recruit, train and retain skilled staff, and the stop/start nature of projects.

While the current Government has focused on a long-term infrastructure pipeline, not a lot of the work is currently funded, she says. An example is the newly completed Auckland City Rail Link (CRL), New Zealand's largest transport infrastructure project.

"We've been involved with CRL for 14 years as the principal technical adviser. Now we have a lot of highly skilled individuals coming off that type of project with nothing to do. CRL should be part of a wider programme of investment to continue to improve the connection to the city centre."



It can't just be an announcement of shiny, repurposed stuff that was already there. We have to deliver programmes that link into New Zealand's challenge to drive growth and prosperity.
Tracey Ryan

Another example is how focus shifts when governments change.

"This Government was heavily focused on roads of national significance. While that's an ambitious programme, when an announcement comes pausing or delaying or stopping some of the work for reassessment, that then stops a lot of the programmes we're working on.

"While we might be able to redeploy some skills into different markets and different clients, the reality is there's not enough flow of that sequence of work to keep everyone busy. We're seeing a lot of younger people now making decisions to go overseas or speeding up those decisions."

But the bigger question should be about the loss of New Zealand's productivity, she says.

"We have to link infrastructure and growth together because infrastructure is not the outcome. The outcome is growth and productivity and better lives. Infrastructure is just a way to enable that. It's not just the concrete and steel. It's how people get to work better, access clean water, live better lives. We have to stop the flip-flop in our thinking."

Aurecon is a sponsor of the Herald's Mood of the Boardroom report

Ryan says New Zealand needs a credible works pipeline that's "more than just a catalogue of aspirations".

She explains, "It needs to have prioritisation, sequencing, funding credibility — a realistic path to delivery. And it can't just be an announcement of shiny, repurposed stuff that was already there. We have to deliver programmes that link into New Zealand's challenge to drive growth and prosperity.

"We have to be ambitious as a country. We have to tackle some of the longer-term, bigger issues and we can't keep running our country in terms of looking at everything from this short-termism plan."

Ryan says this will take a collective effort and leadership at all levels of business, community and Government. "I think we have to stop competing with ourselves. Auckland kind of competes with the rest of New Zealand, regions compete, or it's cities versus the countryside.

"Auckland should be a world-class city, not just this large New Zealand city. People should get behind that because if Auckland does well, the rest of New Zealand does too.

"Yes, there needs to be strategies for the regions but how do we pursue long-term economic growth collectively together?

"I think we've lost the narrative for people to see that. The role for leaders is to get people understanding that economic growth matters.

"It's not just a business strategy or a Government strategy. It has to be a national story."

Ryan says we don't need more policies.

"We actually just need to get on and start delivering stuff. It's tough out there but there are a lot of real opportunities."

Ryan wonders whether New Zealand is using its many natural assets and advantages to its competitive advantage.

"We can do things amazingly and we've been the first to do many things. We need to bring that into the new world, because the new world is using technology and AI. AI is here to stay.

"It's transformative — and it's moving incredibly quickly. I think we need to be embracing that. From a work perspective, how do we use our human advantage, our people's judgement and compassion and empathy?

"AI gets better at giving us answers but the human side is more important at asking better questions and using judgement."

New Zealand has core values in a complex, changed world, Ryan says.

"Its culture, particularly Māori culture, could create a unique competitive advantage to re-engage that mojo and be an amazing small advanced country."

My top issues: Insurer

- The political swing between right to left is creating incredible uncertainty when we are heading in the right direction. Secondly, the loss of wealth in this country through "tax the rich" (hard workers) policy settings. The solution is settings that promote higher incomes and the pursuit of financial success
- Driving economic growth beyond the export sector which is riding the wave. There is no clear plan to sustain economic growth beyond exports of product. There needs to be a broader response for the longer term.
- Not confronting major economic realities because of short term politics, e.g. the superannuation age should be raised progressively with long notice periods.

Bottleneck leaves projects stuck

Port of Tauranga CEO says lost shipping service costs consumers up to $90m a year, writes **Andrea Fox**

Strong demand for New Zealand exports is how Port of Tauranga manages to be bullish on its own business outlook while dismayed by critical infrastructure policy failures, says the chief executive of the country's biggest export gateway.

Leonard Sampson is calling for a 30-year bipartisan pipeline for nationally significant infrastructure after the capacity-squeezed port's seven-year wait for consent for a new container terminal berth development.

The NZX-listed port last month got the green light under the Fast-track Approvals Act 2024 for its Stella Passage development project. However, the decision is subject to appeal. The long delay in getting the project through red tape has increased its cost by about $20 million.

But more to the point, says Sampson, having no terminal capacity has forced the port to turn away international shipping services which could have saved importers, exporters and Kiwi consumers many millions in annual freight costs.



To be able to get a decision on whether a project can go ahead within the space of six to nine months as opposed to several years is the major benefit.
Leonard Sampson
Port of Tauranga CEO

"Just one of the services we are turning away cost importers, exporters and consumers between $60m and $90m a year because of the higher costs they end up paying for ocean freight. That's not a lost benefit to the port, it's a benefit that would go back to New Zealand."

Asked to comment on the tension between the port's strong expansion outlook, which forecasts more capital expenditure and IT spending, higher revenue, profit and more staff; and its deep concern about infrastructure, regulatory and fiscal settings, Sampson says the explanation is export sector resilience.

"It has been the engine, in our opinion, that's kept the country going. That's what is driving some of our optimistic outlook. We believe there is significant demand for New Zealand's exports globally. Kiwifruit has had another record year — and we think there's more to come.

"That being said, it's tempered a bit by the number one issue from our perspective which is infrastructure. We need a 30-year bipartisan pipeline, we need the regulatory settings to enable projects to be delivered faster."

The infrastructure failure that most urgently needs fixing is regulatory settings, Sampson says.

"RMA reform has just gone through but it's been an absolute bottleneck to try to drive these critical infrastructure projects. If this is regional or nationally important infrastructure, then surely the purpose of regulatory settings is to ensure we get this done as quickly as possible, not a regulatory framework that can leave you in a litigious quagmire for years.

"The fast-track has been very helpful and we're now coming to the end of that but it shouldn't have to be that difficult."

Sampson attributes "pork barrel politics" and ideological trade-offs to New Zealand's failure to maintain long-term infrastructure certainty.

He's not comfortable saying the port's use of the fast-track process has been successful. He notes the decision is still subject to appeal. "I'd say we've been through the process. We haven't yet got the final consent.

"But the best thing about the fast-track process is the fact it has a statutory timeframe against it. A decision needs to be met within a specific timeframe. To be able to get a decision on whether a project can go ahead within the space of six to nine months as opposed to several years is the major benefit.

"And that's what should happen for national and regionally significant projects."

Sampson says one of the best ways New Zealand can lift its productivity is to improve infrastructure delivery "to fundamentally become more efficient.

"New Zealand can't achieve higher wages and lower the cost of living without actually improving productivity.

"For us particularly we see that in terms of growing our trade and international competitiveness.

"New Zealand is reliant on exporting our products to the world. We need to make sure we are able to connect our producers to global markets through the most efficient supply chains that can lower costs for our exporters and help grow the economy."

Port of Tauranga is a sponsor of the Herald's Mood of the Boardroom report

Sampson says from the port's perspective, geopolitical tensions, trade disruptions and supply chain shocks "are becoming more of everyday life.

"For us, the answer is we just need greater levels of resilience. That's a greater level of resilience for critical infrastructure, but it's also greater resilience in terms of New Zealand's own fiscal situation.

"We need to rebuild our fiscal strength and reduce government debt so we have the capacity and resilience to be able to respond to future crises."

On how the port will embrace AI, Sampson says it already uses an element of it in predictive modelling to improve terminal operating efficiencies, but "it's not necessarily that we see AI replacing people.

"The nature of jobs will change. We might move more to remote operators as opposed to having to have specific people in machines. Certainly from a corporate perspective, we use it more in some of the analysis we undertake, in some of the data analysis."

MOOD OF THE BOARDROOM 2026

The case for selective investment

US corporate earnings and continued AI build-out are powering stocks to new highs in the face of geopolitical turmoil and rising fuel prices, writes **Graham Skellern**

Fisher Funds is a sponsor of the Herald's Mood of the Boardroom report

So far this year, global equities have climbed more than 12% and now is a good time for investors to be more selective with stocks and hold a balanced portfolio, says a leading New Zealand fund manager.

Ashley Gardyne, chief investment officer with Fisher Funds, says share markets have had a strong start to the year despite the shock of oil going over US$100 a barrel, the sell-off in semiconductor stocks, central banks hiking interest rates and borrowing costs increasing.

"Offsetting that, the AI build-out with data centres and power plants, and all the equipment and chip-making that goes into them, continues.

"And there's been a surge in corporate profitability, growing at 25% a year in the US. This increase is unheard of outside a recovery from a recession, and it shows the underlying resilience of the corporate sector."

At September 30, the MSCI World Index increased 12.09% year-to-date.

Gardyne says if the Iranian situation doesn't get a resolution, say within the next six months, then at some point there may be a weakness in global equities.

"But while markets have gone up, price-to-earnings ratios have fallen. The silver lining is that valuations (in the US) are not at all-time highs; in fact, they are in line with their 10-year average.

Gardyne says the AI theme has created easy gains.

"You could have bought anything and done particularly well," he says, adding some of these easy gains have accrued and it's more important to be selective.



There is a reasonable prospect of markets pushing higher during the rest of the year – though a resolution to the Iran war is key.

Ashley Gardyne

With bond yields and interest rates moving higher, investors can now be rewarded for sitting on the sidelines – there is an alternative to growth assets to invest in.

"These higher interest rates could cause markets to weaken, if people increasingly decide to sit on the sidelines," Gardyne says.

As the US moves into its third-quarter reporting season, he still expects further strong earnings growth from the corporates. "There is a reasonable prospect of markets pushing higher during the rest of the year – though a resolution to the Iran war is key.

"The New Zealand economy is sluggish but there are positive signs with corporates reporting some improvement. It's still early days ... if only we didn't have the shock of Iran, higher oil prices and the need for the Reserve Bank to hike rates.

"The good thing about the New Zealand market is that it is more defensive than global sharemarkets.

"If you are worried about valuations and concentration in global markets, then New Zealand's more defensive businesses create a lower volatility choice," says Gardyne.

Private equity

Fisher Funds has added private equity to selected funds in its KiwiSaver schemes to improve diversification and longer-term returns.

Earmarking about $1 billion over the medium term for its private equity strategy, including several hundred million dollars for local businesses, Fisher Funds recently made its first direct investment by buying home aged care provider New Zealand Health Group in conjunction with Direct Capital.

Fisher Funds and Direct Capital have both taken a 45% stake in the country's biggest community health, disability and wellbeing group operating in 48 locations with a team of 10,000 supporting more than 70,000 clients every year.

Gardyne says there is growth in delivering healthcare services at home. "The essential nature of the Health Group is that it's durable business and we had the opportunity of getting involved with an existing strong management team.

"The Health Group is in a sweet spot – right size and great business. We would be keen to acquire one or two businesses like that per year going forward."

Gardyne says there are not many companies coming to the sharemarket and businesses are staying private for longer. Private companies provide a wider range of investment to grow the KiwiSaver funds over time when the market is not providing the same opportunity.

"You can buy them on lower valuations than public-listed companies and their returns can be higher, often 15% plus. With private businesses, sometimes the risk can be higher but we are not looking at the venture or start-up space. "We are focused on private businesses that have an established track record.

"Beyond New Zealand, our global private equity programme uses external managers and has a small exposure to earlier stage investments like OpenAI, Anthropic and Revolut, an online bank.

"We only intend to allocate up to 10% of private equity in a KiwiSaver growth fund, which we see as an appropriate allocation," says Gardyne.

Sending the wrong message to market

A Foodstuffs breakup could threaten regional stores, chief executive warns

Grant Bradley

Foodstuffs North Island is a sponsor of the Herald's Mood of the Boardroom report

Foodstuffs warns that proposals to break up its supermarket businesses after the election risk undermining investment confidence across the wider New Zealand economy.

Foodstuffs North Island chief executive Chris Quin says politicians have yet to properly engage with the question of what would actually lower grocery prices.

He's concerned that forced restructuring of the New Zealand-owned co-operative could become a political fait accompli before the costs and consequences have been properly tested. "We really hope that there is an opportunity to engage in the facts and for a conversation that hasn't occurred yet," he says.

Foodstuffs and Australian-owned Woolworths have nearly 80% of the grocery market. Among the political parties, National and NZ First want Foodstuffs restructured so Pak'nSave can compete independently with New World and Four Square, and National would get yet more Commerce Commission analysis.

Labour proposes separating the wholesale and retail operations of both major supermarket groups. The Greens want to create KiwiMart, nationalising 120 stores; Act wants planning and regulatory barriers reduced so new competitors can enter.



Certainty is the foundation of productivity.

Chris Quin

Quin says Foodstuffs opened a $340m distribution centre in Palmerston North when it was hit with a political bombshell. "The next day, the potential break-up was announced. We're not going to be silly and stop, but we've got to be concerned."

Quin was one of 51 business leaders mustered by the New Zealand Initiative who signed an open letter to the Government, raising concerns about intervention in privately owned businesses and property rights.

The proposal sends strong signals to businesses outside his sector, he says. "Certainty is the foundation of productivity."

Quin says the political debate is missing a fundamental distinction: Foodstuffs is not a conventional corporate supermarket chain but runs New Zealand-owned co-operatives whose owners are individual grocery store operators and their families.

There are more than 500 locally owned and operated stores across the Foodstuffs network and more than 40,000 staff. Those owners have invested in the stores and, through their co-operatives, the distribution centres, technology, supply chains and other infrastructure built up over generations. Any forced separation raises fundamental property-rights questions.

"The framing of it that it's no impact on a store owner and just sorting on what they refer to as the structure is just completely not correct," Quin says. "The shareholder is the store owner."

He says those owners have rights to the assets they have invested in, while the viability of the co-operative model depends on the ability to share infrastructure and costs across the network. Far-flung stores within the co-operative have freight costs subsidised by other members and he worries about the future of small regional stores if economies of scale are lost. "Scale really matters, particularly in a high-capital, low-margin industry, which we are."

Quin acknowledges food price rises are hitting hard. Foodstuffs says they have risen around 15% in the past three years but other household costs including rates, insurance and energy have risen considerably faster.

Supermarkets are an obvious focus with households shopping across the sector more than five times a week. But he argues the supermarket margin is too small for restructuring alone to solve the cost-of-living problem.

Foodstuffs says that of every dollar spent in its stores, about 66.5c goes to suppliers, 13c is GST, 16.9c covers the cost of running the business and 3.6c is net profit after tax. "You can't solve the consumer challenge with 3.6c of the dollar," Quin says.

The co-op is also being hit with cost increases. An example is diesel – Foodstuffs uses 300,000 litres of the fuel a week and he says his members are absorbing some cost increases rather than simply passing them on.

Quin also rejects the idea Foodstuffs stores do not compete with one another.

Nearly 80% of Foodstuffs customers, the company says, shop outside Pak'nSave, New World and Four Square every week. Store owners compete not only on price but on location, range, service and customer experience, while Foodstuffs says it does not provide geographic protection to individual franchisees.

Quin's alternative

Quin says Foodstuffs would support a package built around four measures: a stronger economy and exchange rate; reducing unnecessary regulation; greater certainty to encourage productivity investment; and allowing the long-running Foodstuffs' plan for two co-operatives to merge their support operations.

The company could potentially achieve significant savings by combining support functions between the North and South Island businesses, provided it was allowed to do so and held accountable for passing the benefits on to consumers.

Quin says Foodstuffs is willing to be held accountable for making the system more competitive but warns against imported models that don't fit.

The comparison with Telecom, separated operationally in the 2000s, is also rejected by Quin, who held senior executive roles at the telco.

He says Telecom was subject to operational separation and wholesale rules around a natural monopoly network, fundamentally different from a forced split of a co-operative grocery business.

He's worried political debate has been overtaken by populism rather than food prices.

Efforts to engage with the Government have not been successful.

Survey supports the Super plan

CEOs back raising the age of eligibility for NZ Super, but voters don't, writes **Tim McCready**

Chief executives have delivered a decisive verdict on New Zealand Superannuation – 82% of respondents to this year's Mood of the Boardroom survey say the age of eligibility should be raised. Just 14% are opposed and 4% are unsure.

That puts the boardroom well out of step with the public. A 1News-Verian poll in June found only 26% of voters supported gradually raising the eligibility age from 65 to 67. Another 44% wanted it kept at 65, and 25% preferred reducing or removing payments for those with higher incomes or assets.

For many business leaders the case barely needs arguing.

"A no-brainer," says independent economist Cameron Bagrie. "Current settings are unsustainable," responded a grocery boss.

NZ Super is universal and isn't means-tested. It is paid to everyone aged 65 and over who meets the residency requirements, regardless of their income, assets or whether they are still working. That simplicity has long been one of its strengths. But as the population ages, it comes with an increasingly large fiscal bill.

Over 960,000 New Zealanders get NZ Super, at a cost of about $24.7 billion a year. That makes it the largest single item of government spending. The bill is forecast to climb to more than $31 billion by 2030 as New Zealand's population ages.



The eligibility age was last changed between 1992 and 2001, when it was raised in stages from 60 to 65. Australia raised its pension age to 67 in 2023, while the United Kingdom is increasing its State Pension age from 66 to 67 between 2026 and 2028.

Simon Bennett, managing director of Metro Performance Glass, suggests a simple test of where the self-interest lies: "Ask for a show of hands in the room of all those over 60. Ask them to keep them raised if they need super when they're 65."

But support for a higher eligibility age does not mean CEOs want an abrupt change.

The most common theme from respondents is that any change must be gradual and signalled well in advance, so people have time to adjust their savings and retirement plans.

Port of Tauranga chief executive Leonard Sampson favours a "staged approach over two decades". Non-executive director Fraser Whineray agrees it should happen "in time and phased".

How high should it go?

Some have a clear number in mind. "Happy for it to go to 67," says a real estate chief.

One long-serving company director goes further and would raise the age to 70 over ten years.

Under her proposal, people could still elect to receive NZ Super from 67 at a lower rate, with payments calibrated so the expected lifetime value was broadly the same.

This would see the total value of payments over a person's retirement be about the same whichever age they chose to start.

Versions of that flexibility exist overseas.

Canada's pension, for example, can be taken from 60 at a permanently reduced rate or deferred until 70 for a larger payment. The US Social Security system also adjusts payments according to the age at which they are claimed.

One age does not fit all

A recurring qualification is fairness for people in physically demanding jobs. Several respondents point out that asking a 67-year-old lawyer to work longer is very different from asking the same of someone who has spent decades on a building site, farm or factory floor.

"Raise the age, but not over 67," says the head of an engineering consultancy.

"We do need to do something about it, but I don't think there is one option that fits all. I think people have the right to choose when they retire – some have physically demanding jobs.

"However, we owe it to our future generations to improve the current settings."

Greg Gent, chair of Seafood New Zealand and Dairy Holdings, backs raising the age "but with an exception for hard manual work".

Means testing splits the boardroom

Among those opposed to raising the age, one infrastructure chief says the answer is to means test.

But a health CEO, who supports raising the age, strongly disagrees with that approach.

"Raise it, but don't means-test it. It is not fair, and sends a very bad signal to punish those who have made sacrifices in the short term for the long term."

Whatever the preferred mechanism, the Mood of the Boardroom results show little appetite among business leaders for leaving the system untouched.

For most, the question is about how quickly, how far, and what protections should accompany it.

An energy CEO frames the argument in intergenerational terms: "This needs to happen – it is bloody selfish to be burdening our tamariki and mokopuna with the long-term debt levels caused by the refusal to raise the retirement age."

The super question

82% of respondents to the Mood of the Boardroom survey say the age of eligibility for super should be raised

14% are opposed and

4% are unsure.

A 1News-Verian poll in June found only

26% of voters supported gradually raising eligibility from 65 to 67

44% wanted it kept at 65

25% preferred reducing or removing payments for those with higher incomes or assets

AI adoption is soaring.
But are organisations reaping the rewards?



Just 15% are scaling AI organisation-wide

91% of New Zealand organisations now use AI

79% increased their AI investment in the past year



DATACOM

Discover where AI is actually delivering real value in Datacom's 2026 State of AI Index datacom.com/StateofAI

MOOD OF THE BOARDROOM 2026

THE ELECTION POLICY GRID

NATIONAL

- Make KiwiSaver compulsory for workers, lifting combined employer and employee contributions to 12% by 2032. 3.99
- Ban commercial fishing in all 12 Hauraki Gulf High Protection Areas. 3.97
- Allow qualified engineers to sign off building work without a council inspection. 3.87
- Allow rooftop solar to be installed without a consent. 3.85
- Create a specialist national Building Consent Authority for large commercial buildings. 3.78
- Return to surplus in 2028/29 and reduce debt below 40% of GDP. 3.72
- Reduce core Crown expenditure towards 30% of GDP. 3.69
- Raise the interest rate for overseas-based student loan borrowers to 6.6%, with penalties for sustained default. 3.62
- Government loans for home solar. 3.57
- Raise the income cap for 5% deposit First Home Loans to $300,000. 3.51
- Extend paid parental leave from 26 to 30 weeks by 2029 ($327.4m over four years). 3.40
- Reduce the student loan repayment rate from 12c to 10c for borrowers who stay in New Zealand. 3.33
- No new taxes if re-elected. 3.30
- Pursue breaking up Foodstuffs so New World and Four Square become one supermarket chain and Pak'nSave another. 1.83

What they are saying

- The right instincts and no nerve. A government that knows what needs doing and has spent three years not doing it. The strongest policies attack the real barriers to growth: no new taxes, fiscal discipline, faster building approvals and less regulatory nonsense." **— Education CEO.**
- Their supermarket position is their "oil and gas ban" moment." **— Energy CEO.**
- "No new taxes? Good line for a Tūī billboard." **— Cameron Bagrie, Economist.**

ACT

- Expand the conditions pharmacists can treat, including ordering blood tests. 4.01
- Consolidate 43 government departments into 19, with 18 ministers instead of 28. 3.98
- Lift pharmaceutical spending by one percentage point of the health budget a year until parity with Australia. 3.93
- Build a $2b cancer centre with Auckland and Christchurch campuses, funded primarily by donations. 3.78
- Remove the cap on the number of pharmacies one pharmacist can own. 3.71
- Three strikes for burglary: a minimum three-year sentence with no parole on a third conviction. 3.46
- Remove the $33,000 annual cap on donation tax credits. 3.36
- Add a property rights clause to the Bill of Rights Act. 3.22
- Add parliamentary sovereignty, the rule of law and equality before the law as principles in the Constitution Act. 3.15
- Remove tax on KiwiSaver earnings and end Government contributions. 3.07
- Allow ministers to directly appoint public service chief executives. 3.05
- Limit the use of tikanga in court decisions to where Parliament expressly allows it. 2.99
- Replace permanent residents' indefinite travel rights with a five-year travel facility requiring 730 days in New Zealand in any rolling five years. 2.97
- Repeal Māori employment and engagement requirements in the Public Service Act and Crown Entities Act. 2.72
- Introduce noise cameras to immediately fine cars over a decibel limit. 2.49

What they are saying

- The strongest package of any party, including the majors, and the only one trying to change and improve how this country is governed. Every other party is arguing about how to divide the money inside the same bloated system. Act is the only one asking why the system costs so much. **— Education CEO.**
- I believe a number of natural National voters will vote Act this time as they see National as becoming anti-business and needs a stronger coalition partner to keep them making decisions in the long term economic interests of New Zealand. **— Company chairperson.**

NZ FIRST

- Compulsory KiwiSaver from birth, with a kick-start payment. **3.54**
- Return 50% of mining royalties to the regions where mining occurs, for infrastructure. **3.25**
- Cut the tax rate for small businesses from 28% to 20%. **3.15**
- Disestablish Auckland Council's Independent Māori Statutory Board. **2.79**
- A $1b national survey of energy, geothermal and CO_2 storage sites, with a framework to develop them. **2.74**
- Hold a referendum on the Māori electorates. **2.67**
- Kiwi Kids Grant: a universal $5000 a year for each of a family's first three children. **2.48**
- Break up the electricity gentailers into separate generation and retail companies. **2.35**
- Leave the Paris Agreement on climate change. **2.10**
- Split Foodstuffs into two national co-operatives to compete with Woolworths. **1.76**
- Buy back BNZ and merge it with Kiwibank to create a Crown-owned bank (NZ First estimates $7.5b-$15b; other estimates are up to $24b). **1.42**

What they are saying

- One of the best practical packages of all minor parties, with one piece of fantasy economics attached. This is a far more serious offering than anything from the Greens or Te Pāti Māori. The standouts are a 20% tax rate for small business, returning mining royalties to the regions that generate them, breaking up the electricity gentailers, and dealing with the Māori electorates and Auckland's Independent Māori Statutory Board. **— Education boss.**

Which parties have the best policy mixes for business?

National 53%	**New Zealand First** 3%
Labour 3%	**Te Pāti Māori** 0%
Act 30%	**Opportunity Party** 2%
Green Party 1%	**Unsure** 8%

> Business should be able to depend on National policy to be dependable and easily understood. The supermarket and banking fiascos have raised questions as to where they stand for business.
>
> Don Braid, Mainfreight

> Still waiting to see a genuinely compelling business policy mix from any of them.
>
> Michelle Palmer, Retirement Villages Association

> Every party is playing to its perceived base at the expense of a cohesive policy suite.
>
> Mining CEO

Party policies were rated on a 1-5 scale where 1 = "very poor" and 5 = "very good". Herald Mood of the Boardroom 2026 Election Survey.

OPPORTUNITY

- Expand sustainable aquaculture. 3.34
- A one-year cooling-off period before ministers and senior officials can take lobbying roles. 3.33
- Record all lobbying communications with ministers in official systems, subject to the OIA. 3.09
- Phase out bottom trawling and put cameras and observers on commercial fishing vessels. 2.95
- Low-interest electrification loans for households. 2.72
- Create a Ministry of Energy, merging regulators' functions. 2.67
- Consolidate electricity distribution (lines) companies. 2.61
- A renewable energy capacity investment scheme, with government dividend revenue ring-fenced. 2.46
- Simplify income tax to three brackets: 28% up to $50,000, 34% up to $200,000, and 39% above. 2.45
- Cap donations at $30,000 per donor, per party, per electoral cycle. 2.35
- Replace main benefits, including NZ Super, with a $19,400 annual payment to every adult resident. 1.47
- Annual land value tax of 1.75% on urban land and 0.5% on rural land. 1.31

What they are saying

- Policy headlines only, unsure on all of the above for implications of an integrated policy system changes and implementation. **— Infrastructure boss.**
- Many sensible and useful policies. **— F&B chairperson.**

LABOUR

- Allow small businesses to fully write off up to $10,000 of new equipment from July 1, 2027. 3.37
- Return to surplus by 2029/30 and reduce net debt to around 20% of GDP over time. 3.08
- Require retirement villages to repay departing residents within three months. 3.08
- Establish a NZ Future Fund to invest Crown assets and capital in New Zealand infrastructure and businesses. 2.97
- Guarantee a public health job for every New Zealand-trained graduate nurse ($525m over four years). 2.82
- No increase to fuel taxes or road user charges during the next Parliament. 2.64
- Require large companies to pay small business invoices under $25,000 within 15 days and publish their payment times. 2.46
- 28% capital gains tax on residential and commercial property sold after July 1, 2027, excluding the family home, farms, shares and businesses. 2.38
- Allow core Crown revenue and expenses to rise to 33% of GDP. 2.12
- Reinstate school boards' obligation to give effect to Te Tiriti o Waitangi. 2.08
- Wipe 10% of student loan balances for those who have not benefited from fees-free, live in NZ and have kept up with their repayments. 2.05
- Reinstate the Reserve Bank's dual mandate. 1.85
- Reverse the coalition's pay equity changes (Treasury estimated reversal at about $11b). 1.84
- Force Woolworths and Foodstuffs to split their businesses separating their supermarket chains from their wholesale arms. 1.81
- Remove Investment Boost (the 20% upfront deduction on new business assets). 1.78
- Reinstate Fair Pay Agreements (industry-wide minimum pay and conditions). 1.71

What they are saying

- Labour tends to listen more and collaborate to jointly invest. As a small country we cannot stay in the world of non-intervention. Government is required to help support businesses on the global stage to build New Zealand advantage. **— Transport CEO.**
- No confidence that policy commitments can be executed without material impacts on levels of debt and not convinced surplus by 29/30 will be achievable on that basis. Essentially some commitments positive but no clear explanation as to how policy initiatives will be funded. **— Entertainment and leisure industry boss.**

GREENS

- Phase out bottom trawling and review the Quota Management System. 3.00
- Protect at least 30% of New Zealand's marine area. 2.82
- Zero-interest home solar loans ($428.7m over four years). 2.65
- New national freshwater standards and stronger wastewater discharge rules. 2.53
- 5% withholding tax on profits large tech firms send offshore. 2.40
- Expand Warmer Kiwi Homes ($969.8m over four years). 2.37
- Restore the previous locally made school lunch programme and expand it to a further 400 schools ($2.2b over four years). 1.99
- Legislate a right to healthy food and create a national food strategy. 1.94
- Income tax cuts for salary and wage earners ($10.01b). 1.89
- Phase out synthetic nitrogen fertiliser and reduce stocking rates on a catchment basis. 1.76
- Reinstate the ban on interest deductions for residential landlords. 1.65
- A 2.5% "super-rich tax" on net worth above $10m, excluding the family home. 1.62
- Reverse the bright-line test changes. 1.51
- Capital acquisitions tax on assets and gifts worth more than $1m, excluding the family home. 1.51
- Establish KiwiPower, a government-owned entity providing electricity firming capacity ($980.6m over four years). 1.40
- Increase the company tax rate to 33% for the largest companies (turnover above $30m). 1.39
- Nationalise 120 Woolworths and Foodstuffs supermarkets and two distribution centres to create a government-owned competitor, KiwiMart ($2.8b). 1.15

What they are saying

- For the Greens and Te Pāti Māori, it was good to see their policies in one place . . . frightening. **— Greg Gent, Dairy Holdings.**

TE PĀTI MĀORI

- Make the first $30,000 of income tax-free. 2.26
- Tax on profits transferred offshore. 2.01
- Ban seabed mining. 1.86
- Vacant house tax. 1.63
- Land-banking tax. 1.50
- Stamp duty on residential property sales, with first-home buyers purchasing under $1m exempt. 1.48
- Entrench Te Tiriti o Waitangi and prohibit Cabinet decisions that breach it. 1.43
- Create a Māori-led education authority. 1.46
- Targeted kai tax credit to offset GST on food. 1.44
- Establish a Te Tiriti commission as an Officer of Parliament to enforce Treaty obligations. 1.36
- Increase the company tax rate to 33%. 1.33
- Wealth tax of 1.5% on net assets above $2m, rising to 2.5% above $10m. 1.28
- Assert Māori rights and authority over fresh water. 1.27
- New top income tax rates: 39% from $90,001, 42% from $180,001 and 48% above $300,000. 1.23

What they are saying

- The party seeks to undermine the authority of the very institution they wish to be part of. **— Company director.**
- The uncertainty is largely around execution. **— Infrastructure boss.**

Business wants a long-term strategy

Support for a bipartisan approach to infrastructure reflects deep frustration with NZ's stop-start approach

New Zealand's business community delivered a fairly clear message to the political parties as they headed into the election campaign: the country needs to lift its economic performance, and business wants a government with the discipline and long-term focus to do it.

The message from the 2026 Deloitte and Chapman Tripp Election Survey, conducted by BusinessNZ, is that New Zealand needs a long-term economic strategy built around productivity, infrastructure, energy security, skills and a more predictable policy environment.

The survey was released at BusinessNZ's election conference on September 15.

Some 423 BusinessNZ members took part in the survey, with 279 completing it fully. The 2026 sample is more heavily weighted towards large companies than previous surveys, with more than a quarter employing 500 or more people. But the breadth of the responses makes the direction of travel hard to ignore.

Economic performance towers over every other issue

When businesses were asked to identify the most important government-related area for achieving sustained economic growth, 57.7% selected the economic environment, compared with 16.5% for infrastructure and 11.7% for skills and human capital. That puts productivity and growth firmly at the centre of the business agenda.

The underlying concern is that New Zealand has not been generating enough productivity growth to support rising wages, investment and public services. Business respondents are effectively asking the political parties to join the dots.

A productivity problem

Businesses are looking for a long-term growth and productivity strategy that encourages investment, innovation, higher wages and stronger economic performance.

But the survey also reveals that business believes the Government needs to get its own fiscal house in order.

There is a clear preference for spending restraint over relying primarily on tax increases. 54.3% favour a combination of spending reductions and increased taxes to address long-term fiscal challenges, while 39.1% favour primarily spending reductions. Only 4.3% favour primarily increased taxes.

That is an important signal to the political parties. Business is not necessarily demanding an ideological prescription. It is saying the problem needs to be addressed, with spending restraint playing a central role.

At the same time, business wants a tax system capable of attracting investment. Fully 93.5% regard an internationally competitive tax system as important or very important for attracting business investment. Yet the appetite for wholesale changes to personal and corporate tax rates is relatively limited.

Regulation is costing business

The regulatory picture is particularly revealing.

Nearly half — 47.1% — say regulatory changes over the past three years have increased their cost of doing business, compared with 41.7% who say they have not.

There is little evidence here of business regarding recent regulatory reform as transformative. Just 3.7% say reforms have significantly improved productivity and ease of doing business, while 35.4% say they have done so to some extent.

Tax administration is another source of pressure, with 37.6% saying their tax compliance costs have increased over the past three years.

The lesson for the incoming Government is that regulatory reform needs to be judged not by the number of rules repealed, but by whether businesses actually experience a lower cost of doing business.

The survey also exposes a broader desire for a more flexible labour market — but not deregulation at any cost.

57.4% of businesses say they have experienced difficulty terminating an unsatisfactory employee, while 59.6% favour enterprise-level collective bargaining. The results point towards demand for simpler, clearer employment rules while recognising the need to get the balance between employer flexibility and worker protection right.

Energy a competitive issue

Perhaps the most immediate pressure point is energy.

Four out of five businesses — 80.4% — are concerned about future energy costs. Among those expressing concern, electricity is overwhelmingly the biggest issue, nominated by 88.7%, followed by diesel at 64.4% and petrol at 49.1%.

This is significant because energy policy is no longer confined to the climate debate. It has become a competitiveness issue.

The political parties may differ sharply over the precise mix of renewables, gas, oil and other technologies, but the survey demonstrates that business wants the next Government to treat energy security as an economic priority.

Take infrastructure out of the electoral cycle

If there is one area where the business community appears remarkably united, it is long-term infrastructure planning.

94.7% support a bipartisan 20-30-year approach to infrastructure planning and funding. That is one of the strongest findings in the entire survey.

It reflects deep frustration with New Zealand's stop-start approach to roads, water, housing, energy and other major infrastructure.

Businesses want to know that projects will survive changes of government. They want infrastructure pipelines that allow construction companies and investors to plan. And they want mechanisms capable of bringing private capital into projects.

There is strong support for both.

82.8% support recycling government assets to fund new infrastructure, while 64.5% support greater use of public-private partnerships.

A further 31.7% support PPPs depending on the sector.

The message is blunt: New Zealand has an infrastructure deficit and cannot rely solely on conventional Crown spending to close it.

The human capital problem

The next major challenge is people.

Skills and human capital account for 11.7% of the top-level business priorities, but the detailed responses reveal a much deeper concern.

Businesses identify literacy and numeracy, secondary school standards and school attendance as the leading education priorities.

At the tertiary end, only 45.4% say the quality of tertiary and vocational education graduates is sufficient to meet their business needs, while 32.7% say it is not.

Immigration remains part of the answer, but business confidence in the current settings is far from overwhelming. Only 53.5% have confidence that current immigration settings will deliver the skills their businesses need, while 25.4% do not and 21.2% are unsure.

New Zealand needs skilled migrants to fill genuine gaps, but it also needs a domestic education and training system capable of producing the workforce required by a higher-productivity economy.

And then there is AI

The survey captures another major change in the business environment.

AI is no longer a futuristic technology question. It is becoming a workforce question.

58.5% of businesses expect AI and robotics to have a significant impact on the size and composition of their workforce over the next five to 10 years.

Among current employment concerns, access to skills and talent ranks first at 37.1%, but emerging technology and AI comes second at 22.7%.

The Government cannot simply encourage businesses to adopt AI. It must ensure workers can adapt alongside it. That means better digital skills, stronger vocational education, retraining and a much closer relationship between education providers and employers.

The AI finding also reinforces the survey's central productivity message. Technology has the potential to lift productivity substantially — but only if New Zealand has the skills, capital, infrastructure and regulatory settings to deploy it.

A stable path to further investment

EMA wants long-term plans in education, health and energy, on top of the 30-year infrastructure roadmap, writes **Graham Skellern**

EMA is a sponsor of the Herald's Mood of the Boardroom report

John Fraser-Mackenzie and his EMA team have one key priority: policy stability and certainty, and a pathway to future prosperity whoever is in government after November 7.

Fraser-Mackenzie, EMA chief executive, says there have been many flip-flops in policy with successive governments.

"We are looking for some respite from the continual cycle of repeal and replace, and a longer-term approach and thinking from the leadership. When changes are made, let them bed in and give them time to make an impact.

"There are increasing calls for a bipartisan approach to key policy settings. Genuine bipartisanship in decision-making is likely too high a bar to achieve but the sentiment behind those calls underlines the EMA's policy goals for the next term of government."

Fraser-Mackenzie says a negative view towards what business contributes by way of taxes, jobs, opportunities and growth also continues to frustrate the business community. "Business is a force for good in our economy. People who start businesses should be celebrated. There's a lot of emotion and financial commitment that goes into doing this.

"That negative view manifests itself in populist rhetoric singling out sectors of the economy — rhetoric that is also a disincentive to investment as businesses worry their sector may be subjected to sudden policy change."

He says after a decade of policy reversals by successive governments, international turmoil and Covid-induced economic shocks, it's time for certainty and stability in business policy settings.



> Stable policy settings encourage the international investment the Government says we need.
>
> John Fraser-Mackenzie, EMA chief executive

"Stable settings also encourage the international investment the Government says we need."

Fraser-Mackenzie is encouraged by the 30-year bipartisan National Infrastructure Plan. "That's a great example of a cross-party initiative. We have a good roadmap for the community, business and local councils to rely on.

"Having that long-term outlook helps build and attract the skills needed in the future."

He would also like to see long-term plans for energy, education and health, with cross-party support. "Bipartisanship happens in other countries; why can't we do it as well," he says.

An energy plan would show what demand and supply looks like over 30 years and how it can be matched up. "We need reliable and affordable energy supply, and resilience. There's work to be done on transmission, some of it is regulatory.

"The country has 29 electricity distribution networks — there's an opportunity to make this simpler."

Education needs a long-term perspective — when someone starts school, it's the beginning of a 12 to 15-year journey. "It's difficult for teachers and the system itself when changes are made. I'm encouraged by the recent change, replacing NCEA. Let's stick with it and be good at it."

Fraser-Mackenzie says New Zealand has an ageing population and there's a big burden to come.

"We need a health plan about what the population will look like in 2050, and even 2060."

He is anxious that the Resource Management Act reform runs its course. The difficulty in consenting and costs has been prohibitive for businesses. It's been complicated to get things done, even extending a factory.

"The reform picked up some of the changes the Labour Government started and there was cross-party support — not everything was thrown out. It's an example of how significant structural policy changes can be done.

"The reform will halve the number of consents needed. It's a key to increasing productivity as businesses will find it easier to invest in plant, equipment and infrastructure and make progress."

Fraser-Mackenzie says the EMA has been working with successive governments on the Employment Leave Act, enacted in August to replace the Holidays Act, for a decade. "The rewrite fixed structural changes, and we think it's fairly balanced between employers and employees. It makes things clearer, simpler and easier to understand.

"We are keen not to have the new Act thrown out. There are software changes to be made and the implementation is still 18 months away. It's important to give the changes a chance to make an impact, and not let political expediency get in the way."

Fraser-Mackenzie says there are enough positive signs that the economy is getting back on track. "Business is always resilient and adaptable. The tariffs came as a shock, but businesses reset and kept going. They found new ways to execute their strategies and looked at diversification.

"With the outbreak of the Iran War, people thought we would not have enough fuel. The Government did a good job of managing and communicating the fuel supply.

"Businesses put their heads down and kept executing their plans. They have learned to be agile and look after their balance sheets. In March/April, they found the world was not going to end, and it's come again with the higher fuel prices. Second time around, it's not new. It's not ideal but businesses can carry on.

"Our message to the next Government is simple: maintain the broad direction of travel, avoid unnecessary disruption, and create the certainty businesses need to invest, innovate, grow and help move New Zealand forward," he says.

MOOD OF THE BOARDROOM 2026

‘Lost our focus on climate change’

Climate action focused on emissions, not adaptation

Tim McCready

Business leaders are doing more to reduce their own emissions than to protect their organisations from the effects of a changing climate.

Asked about proactively addressing climate-related risks, 64% of respondents to this year’s Mood of the Boardroom survey say they have already introduced initiatives to reduce emissions. Just over half (52%) are developing climate-friendly products or processes.

Some 46% say they have developed a data-driven, enterprise-level strategy for reducing emissions and mitigating climate risk.

Only 40% have taken steps to protect their physical assets and workforce from climate impacts, and the same proportion say they do not plan to do this at all.



This El Niño could be the strongest in recent history.

The changing climate

64% of respondents have already introduced initiatives to reduce emissions.

52% are developing climate-friendly products or processes.

46% have developed a data-driven, enterprise-level strategy for reducing emissions and mitigating climate risk.

40% have taken steps to protect their physical assets and workforce from climate impacts.

Carbon pricing slow to catch on

An internal carbon price assigns a dollar value to each tonne of emissions, allowing the climate cost of a new plant, vehicle fleet or project to be weighed alongside its financial return. When CEOs were asked whether they apply an internal carbon price in decision-making, 19% said they already do, while 63% said they don’t plan to.

The energy and utilities sector is furthest ahead. Every respondent in that group says they have initiatives to reduce emissions and measures to protect physical assets. Some 89% have an enterprise-level climate strategy, and 44% apply an internal carbon price.

One energy CEO points to the commercial case: “98% renewable, up from 81% five years ago, and Ebitdaf above $1 billion, up from $450 million five years ago. It is possible to be a profitable, sustainable business.”

Two-thirds of agribusiness, fishing and mining respondents say they are reducing emissions. But just 22% have taken steps to protect assets and workers from climate impacts, despite their direct exposure to drought, flooding and severe weather.

Insurance tops climate risk

Respondents were also asked to rate a range of climate-related risks to their businesses, on a scale where 1 represents ‘minor risk’ and 5 represents ‘extreme risk’.

Rising insurance costs topped the list at 3.22/5, with 44% rating the risk 4 or 5. Concern was highest among financial services respondents, who rated it 3.69/5.

Since the 2023 Auckland Anniversary floods and Cyclone Gabrielle, insurers have moved further towards risk-based pricing. Premiums now increasingly reflect the flood and storm exposure of individual properties, while cover has become harder to obtain in the most vulnerable locations.

The availability of insurance cover itself rated 2.88/5. Property respondents were the most worried about losing cover (3.40/5), reflecting how much the sector depends on insurable buildings.

Disruption to transport links or supply chains from severe weather was the second most pressing risk, at 2.91/5. Primary sector respondents were most concerned, at 3.50/5.

For exporters, the risk often lies offshore. “Sea freight exposure is the major risk,” says a food exporter.

Few expect climate change to force a physical retreat in the near term. Having to shift operations from low-lying or flood-prone areas scored 2.23/5. Having to decommission high-emissions operations or plants scored lowest, at 2.03/5.

El Niño on the way

Those risks may be tested sooner than some expect. Earth Sciences New Zealand has warned that the El Niño now under way is strengthening and could become one of the strongest in recent history.

The forecaster expects reduced rainfall, more frequent dry spells and drier soils in the north and east of both islands, along with unusually windy conditions and a higher risk of wildfire.

The West Coast and lower South Island face the opposite problem: above-normal rainfall and a greater risk of heavy rain and wind events.

A research organisation CEO warns that “geological and weather hazards are a when not if question, and cumulatively they risk increasingly being a drag on economic growth and fiscal sustainability”.

“New Zealand’s infrastructure was largely designed for yesterday’s conditions, and maintenance has been more hope than deliberate action,” says an infrastructure CEO.

A tourism accommodation boss identifies what they see as the boardroom’s blind spot: “We have lost our focus on climate change and the significant funding decisions we need to make to meet the cost of adaptation.”

Fuel shock puts energy security in the spotlight

Tim McCready

Business leaders believe New Zealand coped well with this year’s fuel crisis. But they are far less sure it would cope with the next one — and are even more worried about the long-term supply of gas.

Asked how well-prepared New Zealand is for a prolonged disruption to fuel supply, respondents to this year’s Mood of the Boardroom survey give an average rating of 2.80/5, where 1 represents ‘not prepared’ and 5 represents ‘well prepared’.

Opinion is evenly split: 39% rate preparedness at 1 or 2, 30% at 3 and 29% at 4 or 5. The middle ground reflects a sense that the country has survived the shock but has not fixed the underlying vulnerability. “Better than we were a few months ago, however there is still more resilience that we need to build,” says the head of an engineering consultancy.

A food distribution boss agrees. “We have dealt well with the current situation, but it has highlighted the risk and the need to increase our reserves.”

An insurance CEO is more optimistic. “Government has handled the fuel supply challenges well, and further storage is being developed.”

The harshest verdict comes from an energy leader, who rated the country’s preparedness at the lowest possible score.

“New Zealand’s fuel resilience is poor relative to other countries. Australia is moving to around 40 days of diesel stored onshore, with a further eight days of government strategic reserve — reflecting diesel’s critical importance for agriculture and, in Australia, mining. We have not seen new policy from the Government on improving fuel resilience since the commencement of hostilities in the Middle East.”

Mainfreight’s managing director Don Braid is just as blunt. “We dodged the issue during the fuel crisis this year. We are by no means prepared for longer, more aggressive fuel shortages. Our emergency holding capacity is pathetic when compared to other developed regions.”

A state-owned enterprise chief points to New Zealand having the “lowest days of fuel supply in the OECD”, being “too reliant on Singapore and Korea” and “vulnerable if the US limits diesel exports”.

Despite this, many businesses are not building their own buffers. Asked about their investment plans for the next 12 months, just 25% of respondents say they have invested in fuel and energy resilience, such as backup supply, storage or hedging. Some 47% have no plans to.

Gas a major issue

Confidence is weaker still when respondents look ahead. Asked how confident they are that New Zealand will have secure electricity and gas supply at competitive prices over the next three years, respondents gave an average of 2.75/5.

Some 42% are not confident, including 16% who gave the lowest possible score. Just 27% are confident.

Respondents draw a clear distinction between electricity and gas.

“Gas is the issue. Electricity will be fine,” says non-executive director Fraser Whineray. An energy executive agrees. “I am confident that NZ will have secure and affordable electricity prices. I am not confident the same will be true in the gas sector.”

Others point to the country’s high levels of renewable generation. “Never in the history of New Zealand has the level of electricity generation and storage been so high,” says an insurance CEO.

But security of supply is only half the question. “Yes, to secure — no to competitive prices,” says a senior investment executive.

Producers versus users

The sharpest divide is between the businesses that produce energy and those that depend on it.

Energy and utilities leaders are the most confident about future supply, rating it 3.78/5. Agribusiness leaders are the least confident, at 1.86/5.

For manufacturers, the stakes are high. “Reliable and competitively priced energy is critical for manufacturers and wider businesses,” says DB Breweries managing director Peter Hart. “New Zealand has strong renewable energy opportunities, but investment in generation, storage and infrastructure needs to keep pace with declining gas supply and rising energy costs.”

Several respondents want energy treated as a matter of national strategy rather than left primarily to market management.

“Reliable and resilient energy,” says EMA chief executive John Fraser-Mackenzie. He calls for “a formal 30-year energy plan that covers generation and distribution that is well communicated so local and international business can have confidence of supply.”

An entertainment industry CEO calls on the next Government to “treat energy security as critical economic infrastructure”. A mining sector leader warns that “fuel and energy market regulatory settings are not fit for purpose”.

For others, the answer is to reduce reliance on imported fuels.

A hotel group boss names “reliance on fossil fuel” as a top issue facing the nation. “We need to transition faster to producing at a greater capacity our own clean energy.”

An engineering consultancy leader puts it simply: “Affordable, reliable energy is fundamental to prosperity, security and the transition to a lower-carbon economy.”

H **BUSINESS** REPORTS

MOOD OF THE BOARDROOM is one of a series of nine premier Business Reports published annually in the New Zealand Herald.

These reports are premier, business-to-business publications providing critical sector insights alongside robust informed content and commentary about issues that matter to NZ businesses. The reports canvas the views of Cabinet Ministers, business leaders, and business organisation chiefs.

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- Dynamic Business & AI — Fri 4 Dec
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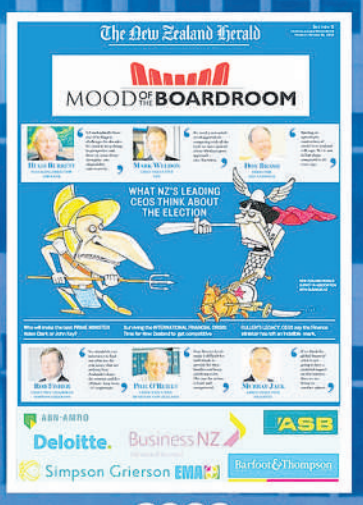
The Herald's Mood of the Boardroom survey has now covered eight elections beginning in 2005 when we asked CEOs who would make the best Prime Minister — Helen Clark or Don Brash.

At each election, CEOs have been forthright in their opinions on the politicians, the parties and the policies we need to embrace as a nation. The 2026 election is no exception.

For previous Mood of the Boardroom reports go to: https://newzealandinc.com/category/publications/reports/mood/



2005



2008



2011



2014



2017



2020



2023



2026

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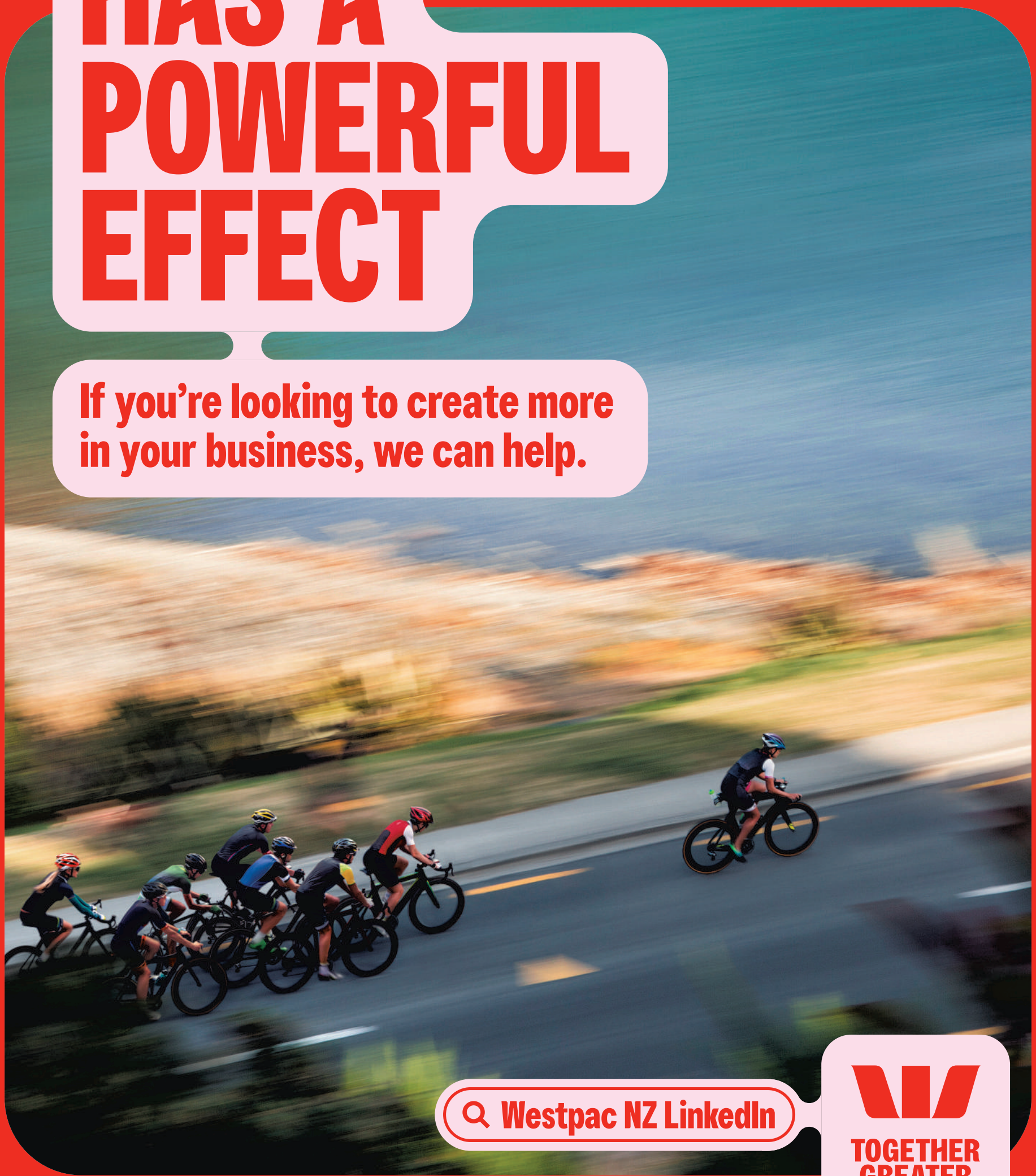
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