



Beehive to Business with the Honourable Chris Hipkins

***Allen + Clarke* Summary of the Key Takeaways**

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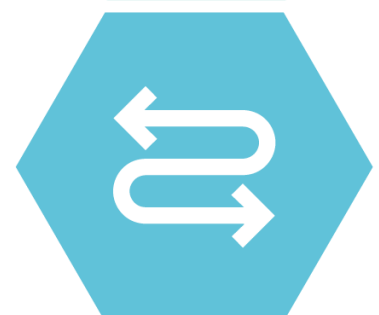


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Please note: This is *Allen + Clarke's* interpretation of the key messages from the session. Whilst we aim to reflect the discussion as accurately as possible, some parts may have been interpreted differently to other attendees and the intended messages of the speaker.

Foreword

In this pre-budget address to the Wellington Chamber of Commerce, Opposition Leader Chris Hipkins presented Labour's alternate vision for economic management and criticised the government's recent policy decisions, particularly around pay equity legislation.

His remarks outlined key differences in economic philosophy between the government and opposition, with a central message that austerity is not the only path forward for New Zealand's economic future.

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Economic management and debt

Key points

- New Zealand's core crown debt was around 18% before COVID-19, peaked at 40% post-pandemic, similar to increases seen during the global financial crisis.
- When including assets like the New Zealand Superannuation Fund, net debt sits at about 25%, "one of the lowest levels of government debt in the developed world."
- The government's net worth more than doubled over the last decade, from \$81 billion in 2014 to \$191 billion in 2023.
- Hipkins called for "a more mature conversation about government debt and assets" and questioned whether current cuts to investment are sustainable.

- The previous Labour government claimed higher GDP growth per person than under the Clark or Key governments, with an increase of \$18,000 per person, despite being in office for three years less.
- Average hourly pay grew by \$9.98 under the Ardern/Hipkins government, compared to \$6.29 under Key/English, \$7.22 under Clark, and \$3.30 under Bolger/Shibley.

Summary of the discussion

Minister Hipkins challenged what he called the "myth that New Zealand is drowning in debt," presenting figures to contextualise the country's financial position. He described the current government's approach as one of austerity that fails to distinguish between beneficial investment and wasteful spending. "You wouldn't sell your house because you've got a mortgage that you can easily pay. So why would you sell your public assets and slash government spending when there isn't a crisis?" he asked.



He positioned Labour's economic management record as superior to National's, citing figures on GDP growth, wage increases, and unemployment rates. "We grew the economy faster, we lifted wages faster, we created more jobs, and unemployment was lower," he stated. Hipkins argued that good economic management should be measured by its impact on people's lives rather than simply balancing budgets. "Shifting numbers around on a page while making life harder for everyday working Kiwis is not a sign of success," he said.

“They're trying to solve the problems of the 21st century with ideas from the 19th century.”

Actions for organisations in financial and economic sectors:

- Develop scenario plans for different investment environments, particularly for infrastructure projects that may receive renewed government backing if there is a change in government.
- Consider how current borrowing costs compare to historical levels and what this means for your investment strategies if the government uses more debt to drive growth.

**Actions for organisations outside these sectors:**

- Review how current spending constraints in the public sector may impact your business and prepare contingency plans for potential policy shifts after the 2026 election.
- Consider developing cases for how your organisation's initiatives could contribute to job creation and economic growth to position for potential future funding opportunities.

Questions and Answers:

Q: How do you see yourself selling yourself to voters who didn't just defeat you in the last election?

A: I was only Prime Minister for eight months before the last election, and I don't think it was really enough time to do things differently... I think I would be a much better Prime Minister the second go-round than the first go-round, because having had that opportunity, having had three years to reflect on that, to learn from it, and to prepare to do it differently next time, I think that would make me the best-prepared incoming Prime Minister we've seen in a generation.

Creating jobs and stimulating growth

Key points

- Minister Hipkins stated that job creation requires both government and business working in partnership: "It's not one or the other, it's both."
- He argued that government investment stimulates private sector investment, citing broadband rollout (under National) as a successful example that benefitted the entire country while creating jobs.
- Infrastructure investment was highlighted as a key opportunity that could stimulate economic activity and reduce unemployment benefit costs.
- The Jobs for Nature programme was cited as benefitting multiple sectors, including farmers who appreciated the pest and wilding pine eradication work.
- Minister Hipkins expressed concern over New Zealanders migrating overseas, noting that "a record number of New Zealanders permanently migrated from our country last year."
- He argued current policy settings have seen "building projects across the country ground to a halt" with "around 13,000 people working in the construction industry having lost their jobs."

Summary of the discussion

The Opposition Leader outlined an investment-led approach to job creation, arguing that government spending on critical projects creates conditions for private sector growth. He criticised the current government's approach to infrastructure: "All the big talk around fixing up

our infrastructure is actually resulting in less action right at the time when we need to see more."

“ We're not here to manage decline. We're here to build the future.”

Minster Hipkins also addressed the exodus of young New Zealanders seeking opportunities overseas, describing a challenging situation where young graduates feel they need to leave to find career options. He highlighted examples of government initiatives that sparked wider innovation, referencing the US space programme: "A lot of the technology we rely on today was born of government investment. The smartphones that we use technology developed by governments... the Internet was initially developed by government."

Actions for organisations in construction and infrastructure:

- Document cases where projects have been delayed or cancelled and the impact on workforce retention to contribute to policy development discussions.
- Identify opportunities to partner with education providers to create clearer pathways for new workers entering the industry to address workforce capacity issues.

Actions for organisations outside these sectors:

- Review your graduate recruitment and development programmes to ensure they offer competitive career progression that might help retain talent in New Zealand.
- Consider where regulatory improvements (like the solar panel regulations example Hipkins mentioned) might help your sector grow and prepare evidence-based cases for change.



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Questions and Answers:

Q: How do you plan to create jobs? Is it through government investment or different policy settings?

A: Government investment stimulates private sector investment and there's a huge wealth of evidence of where that happens. If we think about things like infrastructure investment, infrastructure investment stimulates a lot of private sector activity, so we should be doing more of that at the moment, not less.

Budget expectations and spending priorities

Key points

- Minister Hipkins outlined three things he believes the upcoming budget needs to deliver: properly funding frontline public services, providing credible funding for government promises, and showing a plan to invest in the future.
- He highlighted hiring freezes in health, cuts to specialist teachers, and reduced support for disabilities as evidence of broken promises to protect frontline services.
- The Opposition Leader criticised the government's infrastructure commitments, stating they "still haven't told the country how they're going to pay for that."
- Minister Hipkins questioned specific funding choices such as "a \$3 billion tax break for landlords while cutting funding for food banks" and "borrowing \$12 billion extra to pay for tax cuts, whilst cutting investment."
- He committed to "a fair tax system" and indicated Labour would release more details on this "very soon."
- Labour would reform education to prepare young people "for the jobs of the future, not the jobs of the 19th century."

Summary of the discussion

Hipkins framed the upcoming budget as a critical test of the government's values and priorities. He argued that current choices reflect a preference for benefiting a small minority at the expense of broader societal needs. "How can we look our kids in the eye when we give \$3 billion tax breaks to landlords whilst cutting funding for food banks?" he asked, setting up a contrast between Labour and the government's approach.

The Opposition Leader emphasised that Labour's upcoming policy platform would address



future challenges including artificial intelligence, climate change, and an ageing population. He positioned Labour as forward-looking, contrasting this with what he characterised as the government's outdated approach: "They're trying to solve the problems of the 21st century with ideas from the 19th century. They don't have a plan for the future. They have just slogans and spreadsheets."

Actions for organisations in public service sectors:

- Document specific impacts of funding constraints on service delivery to contribute to public discussion around budgetary priorities.
- Identify areas where investment rather than cuts could create long-term cost savings and prepare business cases that highlight these opportunities.

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Actions for organisations outside these sectors:

- Review assumptions in your medium-term business planning to account for potential shifts in government policy and funding priorities.
- Consider how your organisation could capitalise on potential future investments in green energy, technology, and education if policy settings change.

“ We want New Zealand to be a place where our best and brightest don't just want to stay, but they can stay.”



Questions and Answers:

Q: Do you support a four-year parliamentary term?

A: Yes, I do support a four-year term, and if there's a referendum on it at the next election, I'll be voting for a four-year term and encouraging other people to do the same... Part of the deal, I guess, of a four-year term is that you could slow down a bit in the first year. You'd still have time to do things and implement them before you're going back onto the campaign trail

again.

Pay equity and women's rights

Key points

- Minister Hipkins described recent changes to pay equity legislation as "the biggest example of a New Zealand government gaslighting half the population that we have ever seen."
- He criticised the cancellation of "33 active pay equity claims with one stroke of a pen and the use of these savings to fund budget priorities."
- The Opposition Leader framed the pay equity issue as emblematic of broken election promises, including commitments on the economy, cost of living, and family support.
- He stated that Labour was "not anti-wealth" but "anti-poverty and pro-opportunity for everyone" and promised a "fair tax system."
- Minister Hipkins emphasised that "you cannot build a strong economy on a weak society" and criticised the government's approach as prioritising a few over the majority.
- He highlighted Labour's commitment to diversity as a strength, stating: "Whether you're Māori, Pākehā, Pasifika, Asian, or new to this land, you're all Kiwis."

“Labour isn't anti-wealth, we're anti-poverty, and we're pro-opportunity for everyone”

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Summary of the discussion

The pay equity issue dominated the opening of Hipkins' address, with the Opposition Leader using strong language to frame recent legislation as both cynical and harmful. He connected this specific issue to a broader narrative about the government breaking campaign promises and prioritising certain groups over others.

Minister Hipkins used this theme to articulate Labour's broader values, contrasting what he described as a government "choosing a lucky few over all of the rest of us" with Labour's vision of a country where "everybody gets a fair go." He positioned Labour as the party that would unite rather than divide New Zealanders, stating that "what unites us as a country is far greater than what divides us" and that Labour would fight for all New Zealanders regardless of background or circumstances."

Actions for organisations to achieve pay equity:

- Review current documentation and evidence gathering related to pay equity claims to ensure all information is comprehensive and clearly presented.
- Consider communication strategies for affected staff that acknowledge uncertainty while maintaining focus on your organisation's internal commitment to fairness.



Questions and Answers:

Q: Do you have any observations on managing a coalition of partners who seem to wield more power than their electorate support?

A: MMP requires parties to work together, but it doesn't necessitate the minority, and in this case a small minority, basically commanding the whole show... I think far more New Zealanders voted for National than voted for ACT, and so the fact that they're letting ACT and New Zealand First call the shots, I think, is wrong.

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