

Demographic change

This think piece explores demographic shifts in New Zealand broken into three sections.

1. **Changing demographics:** assessment of trends in relation to NZ's population.
2. **Demographic consequences:** key areas of change likely to be associated with the aging population.
3. **Climate change:** projections of population impacts likely to occur as a result of global warming, and the likelihood this will influence local demographic trajectories.

It suggests we are facing a future population that's significantly older, urbanised, diverse, and with a growing disparity in wealth. This will impact the play, active recreation and sport sector.

- Aging is the demographic change likely to have the greatest impact.
- Urbanisation, globalisation, technological change, and aging, will likely heighten gaps between population groups engaging in play, active recreation and sport.
- Advances in wearables and prosthetics end physical disabilities. Prospectively enhancing the able-bodied with super-human strength, speed and stamina.

This resource is part of a series which considers the changes and trends most likely to impact the future of the play, active recreation and sport sector and what we can do to best prepare for change.

Summary implications

Aging	<ul style="list-style-type: none">• Long-term active recreation Building the habits of active recreation will become increasingly important as people live longer. What support do elders need to establish new pursuits that may be unfamiliar? Is our supply chain fit for purpose?• Cost/benefit changing government priorities Rising cost of supporting an aging population may have government focusing its agencies on contributing to reducing these costs.
Slowing growth	<ul style="list-style-type: none">• Reduced pressure on supply Slowing growth may alleviate some pressure on the need for new facilities and use of recreational spaces.
Urbanisation	<ul style="list-style-type: none">• Diversity of recreational opportunity One size will not fit all as regional populations potentially experience contraction and urban centres boom. Within these the diversity of backgrounds and access to facilities will vary.• Urban planning challenges Increased pressure on transport and space may compromise play, recreation and sport opportunities.• New activities will evolve from urban environment Parkour, 3x3 basketball and scootering are products of an urban environment. What next?
Diversity	<ul style="list-style-type: none">• Blending migrant activities within the NZ framework There is an opportunity both to support the transition of migrant community recreation patterns and adopt these for inclusion in the NZ context. Extending social bonding to social bridging.• The return of Maori sport organisations Heightened commitment to the Treaty may result in a push for national bodies for Māori sport.
Rising wealth inequality	<ul style="list-style-type: none">• Understanding Barriers to Entry A younger cohort that is more financially precarious and transient in living arrangements may experience greater barriers to engaging in active recreation.
Changing labour force	<ul style="list-style-type: none">• Ageing Workforce Strategy Like all employers, the sport and recreation sector will need to understand the future age profile of its workforce and the needs of more elderly staff who may not be replaced with a younger cohort. This also applies to volunteering.
Changing health demands	<ul style="list-style-type: none">• Health Education Individuals living longer and coping with health challenges of old age may be ill-educated in understanding their own physical function. Active recreation and sport could be a key vehicle to improving this low level of education.• Connection Through Recreation Even as the population gets more urbanised the challenge of individual isolation appears to be growing with consequent implications for health. Active recreation and sport have a role to play cementing community relationships.
Financial pressures	<ul style="list-style-type: none">• Future Funding Profile The pressure of an aging population on government finances will likely have the effect of challenging future expenditure budgets
Climate Impacts High-Growth Populations	<ul style="list-style-type: none">• High Impact on High Growth Populations The real wild card that could lead to significant population shifts in the medium-long term that happen extremely rapidly and with major disruption.
Climate Change Influence on New Zealand Demographics	<ul style="list-style-type: none">• Increasing Pacific Migration Pacific migration will likely increase in coming years putting further pressure on facilities in urban New Zealand.• Localised NZ Support Required Internal population displacement through climate events is likely to be the first impact New Zealand feels in relation to global warming.

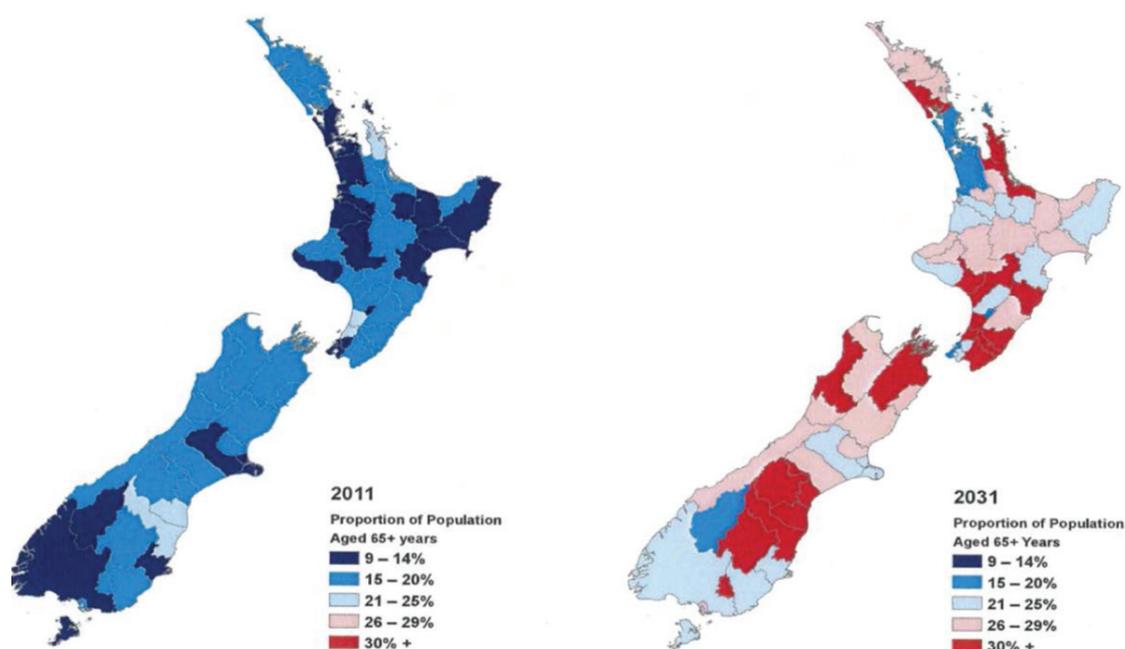
Changing demographics

New Zealand, like most developed economies, is facing a future population that is significantly older, urbanised, diverse and with a growing wealth disparity.

What's changing?

Aging

- Continued declines in fertility & mortality make overall aging of global population inevitable. Ages 65+ share of global population is projected to almost double from 9% in 2018 to 16% by 2050.
- New Zealand's 65+ is increasing. Now around 15%, with projected rise to 20% by 2030, 30% by 2068. www.population.un.org/wpp/dataquery/
- A contributor to this profile is our increasing lifespan. A baby girl born today could expect to live to 95 according to the Statistics NZ [lifespan calculator](#).
- Provincial towns are aging much faster than main centres.
- The oldest median ages are generally in areas experiencing low fertility and/or a net outflow of young adults (aged 15-29) and a net inflow of people aged 35-74.
- Forty-seven TA areas will have fewer children in 2043 than in 2013, with deaths outnumbering births in three-fifths of TA areas by 2043. Stats NZ



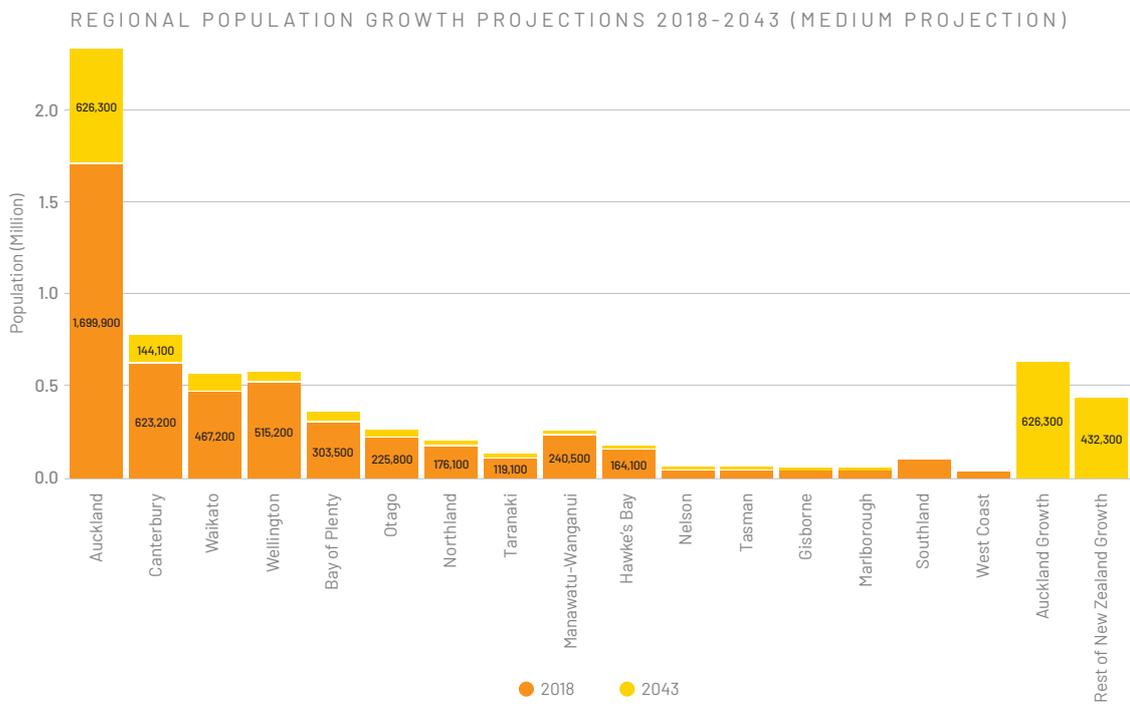
Slowing growth

- NZ's overall population will continue to grow but at a slower rate. Fifty-nine TAs are projected to have more people in 2028 than in 2013, and 50 are projected to have more people in 2043 than in 2013. Our total population in 2038 is anticipated to be 5.8 million, growing to 6.5 million by 2068.
- Slower population growth is driven by narrowing gap between births and deaths, with net migration anticipated to remain within the 2015-2018 range of 48,000 to 64,000.

- In 49 TAs the number of births is expected to drop between 2009–13 and 2039–43.
- Not surprisingly, with an aging population, deaths are expected to increase in all areas, albeit life expectancy is expected to increase slightly.
- New Zealand's net migration rate was 11.4 per 1,000 people in the year ended June 2019, reflecting annual net migration of about 56,000. This rate is similar to Australia's in 2017–18.

Urbanisation

- NZ's population is already predominantly urban-centred (86.47% in 2017) and this trend is projected to continue over the coming decades. tpk.govt.nz
- About one third live in the Auckland region alone – from immigration and natural increase.
- The Auckland-Hamilton-Tauranga triangle is home to more than half of all New Zealanders but is still only a fifth the size of the smallest international megacity.
- The Auckland region is projected to reach two million by 2033 and will account for more than half New Zealand's population growth between 2013 and 2043.
- At the same time we will see declining growth in provincial towns and regions, which may result in increasing geographic inequality.
- Rural depopulation (notably of young people) may be counteracted by more affordable housing and the increasing ability to work from anywhere (through digital advances).



Source: Statistics New Zealand

Diversification

- Over the past two decades, NZ has become a culturally and linguistically ‘superdiverse’ country; with more than 200 ethnicities and around 190 languages.
- Geographic clusters of ethnic groups and culturally based local economies are increasingly apparent in Auckland.
- There will continue to be distinct regional differences, with super diversity in Auckland and to a lesser extent Wellington and Christchurch.
- Nationally, Māori and Pacific people will become an increasing share of our population.
- By 2038 it is anticipated that:
 - a. European/Pakeha will have fallen from 72% to 65% (72% to 68% of those 0-14 years)
 - b. Māori will increase from 15% to 18% (25% to 30% of those 0-14 years)
 - c. Asian will increase from 12% to 22% (12% to 21% of those 0-14 years)
 - d. Pasifika will increase from 7% to 10% (13% to 18% of those 0-14 years)¹

Housing costs contributing to rising wealth inequality

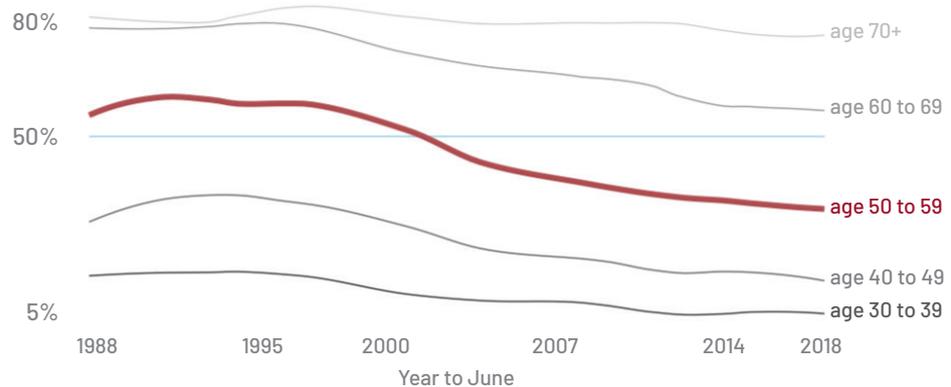
- The richest 10% of New Zealanders hold 50% of total wealth (with 1% holding 20%), with the poorest 40% holding just 3%. Middle New Zealand hold 47% of wealth.
- Median individual net worth for Europeans was \$138,000 and \$29,000 for Māori². Individual net worth increases with age until around retirement.
- Wealth was distributed relatively evenly from 1950s to 1980s; but for the following two decades we had developed world’s biggest increase in income inequality. [Wealth and New Zealand](#)
- The disparity in wealth is being exacerbated through continuing rising housing values. In 1984 NZ’s houses were worth NZ\$58 billion, but by 2014 were worth NZ\$708 billion.
- In 1980, you could buy a house for two to three times the median income. Today, a median home costs six times the median income (and in Auckland, nine times).
- Economist Shamubeel Eaqub believes the “entire economic experiment of the last 30 years” has led to a big transfer of wealth to those born prior to 1974. Short of a major disruption to the status quo, this will result in an increase of renting. [population.org.nz](#)
- Housing makes up an unusually large proportion of New Zealanders’ wealth. It’s also a major factor in retirement security, and quality of life.

¹ Percentages do not add to 100% as some people identify with more than one group.

² Māori is a much younger population (so would be expected to learn less).

Full home ownership becoming less common

PROPORTION OF PEOPLE WHO FULLY OWN BY AGE AND YEAR



LOESS trend lines

People who own: includes full ownership by household, and since 2007, in a family trust.
Excludes people living with parents.

Source: Statistics New Zealand, Household Economic Surveys 1988-2018

Global migration

- A net loss of NZ citizens since 1979 has been offset by a net gain of non-NZ citizens. Approx one million New Zealanders live overseas with the majority in Australia. tpk.govt.nz
- With the increase in diversity and continued projections of Asian migration, it may be implied that the local aging population may be counter-balanced by younger immigrants
- Demographer Natalie Jackson suggests this will not be the case: "The number of migrants required to offset structural aging is too large, while competition for them is growing. The global population aged 0-64 is projected to be around 59 million smaller in 2038 than in 2013." briefingpapers.co.nz
- Asian countries are also aging. The UN is projecting a substantial decrease in the number of under-15-year-olds in Asia over the coming decades. ourworldindata.org
- The pace of population aging is much faster than in the past.
- India is likely to emerge as a greater influence in future migration and demographic statistics as it overtakes China as the world's most populous country. edition.cnn.com
- All countries face major challenges to ensure that their health and social systems are ready to make the most of this demographic shift. www.who.int

Demographic consequence of aging

The impact of the change in our aging profile will be felt across society, particularly through changes to the availability of employees, pressures on the health system, and broader economic impacts..

What's changing?

Changing Labour Force

- New employment strategies will need to be considered as the aging process alters the entry/exit ratio of the NZ workforce.
- The entry/exit ratio in 2013 was below 0.9 (nine people at entry age per 10 in the retirement zone), down from 27 per 10 as recently as 1996. NZ has one of the highest rates of over-65-year-olds still working in the OECD – 24%.
- The issues of aging will become more important over the next decade.
- Many recognise aging is an important and growing issue but appear not to know quite what to do in the workplace.
[Terruhn, J. & Spoonley, P. \(2018\)](#)
- A Commission for Financial Capability survey of 500 NZ chief executives found that a third were worried about older workers retiring, even though 80% had no policy to retain or recruit workers over 50.
- Other countries are responding to labour force issues through incentivising birth, opening up immigration, and investing more in robotics.

Changing Health Demands

- Increasing longevity naturally forces individuals to manage their bodies longer, but unfortunately our levels of 'health literacy' appear low.
priviahealth.com
- This combined with the growing numbers of those living with health conditions or disability will place great pressure on aged care support services.
- There are 33,000 caregivers currently employed in aged care in NZ. Demand for workers is expected to increase by 50 - 75% by 2026.
www.newzealandnow.govt.nz
- These care services will be key to ensuring the elderly remain connected with their wider communities and thereby enhancing their wellbeing. www.csa.us

Financial Pressures

- Globally, the financial pressure on the pensions system is growing, though generally overlooked by short-term focused administrations.
- A global survey recently found only 25 percent of workers globally believe they are on course to achieve their expected retirement income needs. transamericacenter.org
- The outlook for NZ looks similar given our demographic profile. The point at which Government expenses rise faster than income is coming quickly. interest.co.nz
- Some commentators suggest this financial pressure may lead to increased intergenerational conflict. www2.bain.com

Climate change

The evidence above all tends to point to a trajectory of slowing growth and aging for the NZ population that appears unlikely to be changed by existing patterns of immigration. However, the projections of climate-induced population movement appear potentially significant.

What's changing?

Climate impacts high-growth populations

- Developed economies are facing a decline in fertility so pronounced that some will see their future populations and economies shrink. Sub-Saharan Africa (an area of high climate risk) faces the opposite situation. [washingtonpost.com](https://www.washingtonpost.com)
- Africa's challenge is underscored by a World Bank report concluding that we could see more than 140 million people move within their countries' borders by 2050. [worldbank.org](https://www.worldbank.org)
- The World Bank anticipates that Bangladesh will have to manage more than 13M people internally displaced people by 2050. With India by then having the largest population in the world, the pressures from the region are likely to be intense. [pri.org](https://www.pri.org)
- A 2017 Cornell University study estimated that one in five of the world's population could become refugees due to rising ocean levels by 2100. [independent.co.uk](https://www.independent.co.uk)

Climate change influence on New Zealand demographics

- There is uncertainty over the dire projections above, and significant refugee increases from Asia or Africa seem unlikely. More plausible that climate will drive both intra-Pacific and domestic migration within NZ.
- It's not currently possible to reliably estimate the social and economic impacts of Pacific climate migration on NZ. www.mfat.govt.nz
- The academic debate was reviewed in a Waikato University paper. www.waikato.ac.nz