Disruptor Scan
February 2023

Political

↓ **Social wellbeing policy –** Shift to focus on "bread & butter" issues this year - cost of living, education, health, and crime.

↑ **Status of public funding –** Recessionary risk remains. Inflation/cost of living/supply issues & natural disasters placing pressure on central and local government spending. Budget 2023 likely to focus on short term issues in run up to the general election.

• **Evolution of Treaty Partnership -** Co-governance & other Treaty issues will remain an important election issue, fuelling debate and misinformation.

• **Health response –** Health system still under considerable stress due to non-Covid health demands, and staff shortages.

• **Governance policy initiatives -** Reforms across health, education and local government continue. Infrastructure & urban design likely to attract increased attention following recent adverse weather events.

Social

↑ **Increasing ethnic, age and gender diversity -** Increasing support and awareness for transgender & non-binary people and people with disabilities. However, there are different regional & international approaches to ethnic & gender differences

• **Changing nature of work –** Growing preference for, and adoption of, more flexible working arrangements

↑ **Social resilience –** Resilience in many communities declining due to costs of living and severe weather events. Signs of increasing polarisation across society, including politically with stronger voices on both left and right.

↑ **Changing leisure patterns -** Lockdowns accelerated/embedded reshaping of work, & leisure. Sport NZ data shows continued decrease in organised sport, and 'other options' an increased reason for rangatahi choosing not to engage in sport, particularly traditional sport.

• **Changing demographics –** Over 65 population very likely to increase by 21-25% by 2048. November 2022 saw first net migration gain since
↑ February 2021.

• **Individual wellbeing –** About 10% of Covid infections may lead to long Covid, but persistence and impacts are uncertain. Poorest families affected most by Covid and cost of living increases. Extreme weather adds to the challenges for many communities

Economic

• **National outlook –** Considerable economic uncertainty ahead (nationally & internationally). International supply chain constraints and strong competition for talent/labour may slow recovery despite more open borders.

• **Socio-economic inequality –** Wealth distribution unchanged between 2015 & 2021, although wealthier households' net worth increased much more than lowest 20% of households. Impact of pandemic & aftermath on child poverty statistics still unknown. A recent survey of 1000 Kiwis found 64% thought that New Zealand is becoming more divided economically & socially.

• **Māori economy –** Maori economy will continue to grow and diversify despite economic headwinds.

↑ **Disposable income –** High inflation, mortgages and rents are significantly reducing disposable income for many. This is exacerbated by other rising cost of living and stagnant wages.

• **Changing business patterns –** Rising demand for labour is giving some employees more influence over pay and working conditions. More flexible working conditions are likely for some jobs, with more firms introducing 4 day working weeks.

↑ Strengthening
↓ Weakening
• No change
New item

Technological

• **Gaming and interactive experiences –** Increasing ease for independent game makers to distribute games, greater diversity in game makers, and growth in cloud-based games all contribute to continued growth in online participants. Virtual reality applications quietly spreading. Esports diversifying into merchandise and building fanbases beyond games.

• **Human augmentation –** Early success in CRISPR-based medical therapies is stimulating discussions of enhancement-related applications. Increased focus on life span extension & de-ageing.

• **Digital and surveillance** – Data privacy regulations & provisions continue to be introduced or strengthened globally, but there is a lack of consistency. Increased focus, eg via Christchurch Call, on understanding the impacts of algorithms on online experiences

↑ **Increased automation** – Significant progress in using AI for written & visual content creation, and speech transcription. This is prompting discussions about
• creativity, replacing human jobs or tasks, and the risks of cheating & spreading misinformation.

↑ **Advances in health and medical drugs** – Continued progress in novel cancer therapies. Limited progress on treatments for dementia and cognitive decline. But neurotechnology - both as therapies and as cognitive enhancers - is a rapidly developing field (though currently over-hyped).

Environmental

↑ **Climate change consequences –** Increasing frequency of severe weather events (floods, slips and fires) continue to disrupt communities, and increase financial burdens on households, businesses, councils, and the government.

↑ **Climate change response –** Little change since November, though natural disasters worldwide are increasing pressure for political and corporate actions. Managed retreats and "Sponge cities" becoming more frequently discussed in New Zealand. Increasing community (& business) demands to address climate change, following the many recent extreme weather events.

↑ **Space and place dynamics –** Ongoing debates and disputes about Council housing, transports and other infrastructure policies & plans. Often inaccurately framed as "Boomer" vs younger generation divide. Managed retreats and creating more resilient (and affordable) urban designs becoming more topical – including 'sponge city concept, presenting opportunities for increased recreational space.

• **Active Transport –** Recent floods could lead to diversion of more funding from active transport initiatives to road repairs in some regions. A National-led government may also stop or reduce some active transport initiatives.

Sector

↑ **Social licence for sport and recreation –** Debates will continue about balance between grass roots participation and elite teams, especially for rugby. Sponsorship of women's sport increased globally by 20% in 2022. In addition, media coverage of women's sport in NZ increased 6% to 21%, an improvement but still far from 50%ues are likely to become a stronger aspect of social licence discussions. "Sportswashing" by countries with poor human rights records appear set to continue.

• **Athlete and participant wellbeing –** Little new reporting on athlete & participant wellbeing over the last three months. Former All Black coming out as gay recently has emphasised the slowly shifting attitudes in men's elite rugby.

• **Workforce (including volunteers) -** Competition for skilled labour and volunteers continues.

• **Changes in geopolitical power –** The war in Ukraine and other geopolitical tensions will likely lead to bans, boycotts, and/or protests at some international sporting events. Sport will continue to be used as a geopolitical tool.

• **International travel –** Air travel starting to return to pre-pandemic levels, but ongoing disruptions and higher prices still expected. Covid still affecting some players and tournaments.

What are we seeing?

- This year is likely to be hard for many New Zealanders. The possibility of new Covid variants disrupting life and lifestyles remains, while the high cost of living, financial and environmental shocks will constrain work and leisure opportunities for many. Globally there is considerable economic uncertainty, and the risk of the war in Ukraine spreading.
- Exceptional rainfall in many parts of New Zealand since last spring, and particularly since Christmas, has had devastating impacts on several rural and urban areas, notably the Coromandel and Auckland regions. Some sport and recreation grounds and facilities may take months to repair, rebuild, or move, and for some it may not be cost effective to do so. In addition, increased insurance premiums will add to clubs and councils' financial burdens, leading to higher fees that may further restrict participation. Affected councils' spending is likely to reprioritised, also adversely impacting some play, active recreation and sporting facilities and their activities. The floods have promoted the need for urban areas to have abundant natural areas such as trees, lakes and parks – referred to as sponge cities. An opportunity to increase recreation space.
- Concern about the cost or living, inflation, and the potential for a global recession continues. The Treasury expects that 2023 will be one of the periods of lowest growth globally since the 1990s. The global outlook remains very uncertain, dictated by the effectiveness of monetary policies and geopolitical events. In New Zealand, inflation is generally believed to peak soon, and then fall slowly. Consumer sentiment in New Zealand has recently increased slightly, but is still at very low levels, so discretionary spending is likely to be restricted from many households this year, affecting participation in sport and active recreation.
- Retention and recruitment of paid and unpaid staff in recreation and sporting organisations is likely to continue to be an important issue, with high levels of churn. We appear vulnerable to any shift in volunteering.
- The growing acceptance that the increasing frequency and intensity of extreme weather events here and elsewhere reflects a changing climate is likely to increase pressure for more meaningful mitigation and adaptation actions. Decision-making may become slower as different perspectives become involved in urban design decisions. The likelihood of climate and social protests will probably rise, as climate-related disasters continue. Sport and recreation events and travel may be targeted or affected by protests or campaigns with our sector needing to be prepared to demonstrate climate neutral and climate positive impacts from their activities. The viability of smaller entities, in particular, hosting events Is declining given risk and access to insurance.
- The government and councils trying to balance immediate responses to environmental and economic challenges may face increasingly stronger protests from groups who disagree with where the balance should be. Addressing damage to houses, roads and water infrastructure may side-line or delay initiatives that support greater participation in sport and active recreation. Sport NZ and its partner organisations will need to clearly articulate what they see as a good balance, and what trade-offs may be acceptable.
- Workplace flexibility initiatives continue, changing working practices for many. Sport and recreation organisations will need to rapidly adapt to these, both for their own workforce and for changes in demands. Calls for simplifying immigration requirements are growing across many sectors to help fill workforce gaps. This could come at the expense of poorer wages and working conditions, with a possible flow-on impact to sport and recreation roles.
- While Covid-19 restrictions have eased, competitions and participation continue to be impacted by illness and staff shortages. Travel disruptions remain a possibility too. A New Zealand study estimates that about 10% of those who had Covid could experience persistent symptoms (with fatigue being a common symptom). The duration and severity of long Covid is still unclear, but with over 2 million reported cases here, 200,000 people may have some longer lasting impacts and so for some participation will continue to be a challenge. Sport and Recreation organisations need to consider how they adapt to meet the needs of those still recovering.
- It is known that Māori, Pasifika, and single-parent households have been particularly hard hit by the pandemic and cost of living crisis. Additional effort and support for these communities, especially the young, is a priority to reduce their decline in physical activity. Pasifika physical activity participation levels have also dropped. Are we satisfied that we are doing enough?
- Public attention on athlete wellbeing has again been muted this quarter. As has discussion about transgender participants. Discussions of these issues will likely increase as the year progresses. Sponsorship and media coverage of women's sports is increasing, but still has a long way to go to be representative of participation and performance.
- Recent political discourse has reinforced that co-governance and Treaty issues will continue to be contentious leading up to the general election. Recreation and sport organisations should continue to illustrate the benefits and opportunities co-governance arrangements provide.
- Government reforms across health, education and local government continue. Our sector will need to be proactive in engaging with councils to highlight the benefits of sport, active recreation, and active transport as councils face increasing financial pressures and infrastructure challenges. Cooperation with health, education, and social service providers will be needed to provide a compelling and coordinated picture of the beneficial roles of sport and recreation plays in our communities.
- The risks of the Ukraine war escalating beyond the Ukraine continues to dominate geopolitical attention, with Europe and the US providing further weapons and materiel support to Ukraine. Some commentators suggest that the West's response to Russia's invasion may have made China more hesitant about invading Taiwan. However, China's faltering economic growth, and increasing social unrest related to its Covid response, may make China's behaviour less predictable. The "Doomsday Clock" is now at 90 seconds to midnight, the closest it has ever been to indicating global catastrophe. Consequently, the risk of significant adverse impacts on international sporting events, and the world economy, remains high.
- 'Sportswashing' by countries or corporations with poor human rights or environmental records seems set to continue. The recent decision by FIFA to accept Saudi Arabia as a sponsor for the 2023 Women's World Cup, and some other recent sponsorship deals, have highlighted different attitudes and values between peak sports bodies and players or local organisations.