STRATEGICFORESIGHT

THE ASSUMPTIONS WE HOLD ABOUT THE FUTURE

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Overview

We make sense of the future in at least three ways. We tell stories, about the topic or system we seek foresight on. We also think in terms of causes, imagining a range of causal factors that have led to where we are, and that control where we are going. Perhaps most importantly, we also bring a range of assumptions to our thinking, some of which are mentally available to us and some of which are hidden in the models, institutions, myths, and metaphors that we live by.

While the future will continue to surprise us, whether it overwhelms us relates to how willing we are to recognise that we are making assumptions, to examine them and to be flexible about how strongly we hold them.

Making assumptions about the future is natural and necessary. We assume that things will remain mostly the same. We project our past experiences and circumstances to create a mental image of what the future will be like. Doing so allows us to avoid being overcome by uncertainty and to make decisions and plans.

However, there are no facts about the future. What has always been true might not continue to be true.

When we think we are dealing with facts rather than assumptions, we are not prepared for possibilities that are different from those we expect. We cannot address a problem if we do not realise one exists. We may also be unaware of the conflicting assumptions we and others hold about the future situation on which our strategic thinking is based.

Recognising the assumptions we hold can be the foundation for renewed hope and a sense of possibility. If we leave room for the idea that what we think will happen might not come to pass, we can prepare for a range of possibilities and consider how we might create what does not yet exist.

Making assumptions about the future is not a problem but believing that they are facts can be.

This document identifies assumptions we might hold about the future of play, active recreation, and sport. That future which, from commentary, actions, statements, and policies, we could infer New Zealand expects to see. In many instances this will the future we see as the most optimistic or least threatening.

It bases these assumptions on the key drivers of change from a set of environmental scans. This document should be read in conjunction with those scans.

For all assumed futures, there are several plausible alternatives, and each summarised environmental scan domain outlines a brief example to challenge our thinking. How might our future plans fare in the context of the alternate? Can we put in place strategies to mitigate risks that this may pose?

While the scan domains can be read in isolation, in practice the environment is highly complex, and all are interrelated. For each domain there are several drivers noted that could reinforce change dynamics.

The document concludes with suggested approaches for testing assumptions within your organisation.

Pandemic Recovery

Drivers of Change

- The **pattern of global recovery** from the pandemic is now dependent on the widespread availability of vaccines to immunise all populations. This goal is unlikely to be realised within the next 2-3 years but could be accelerated by geo-political competition.[i]
- The **pandemics financial impacts** will remain uncertain through this recovery period with genuine concern of a 'K' shaped recovery as some economies recover through vaccination. In contrast, others will continue to experience outbreaks and lockdowns.[ii]
- **Perceptions of personal safety** associated with mobility and physical proximity will be key determinants of the resumption of global travel patterns. A subsidiary of this driver is the affordability of flights, which will be dependent on continued low fuel prices and the ability of airlines to generate profitable business travel.[iii]

Assumed Future

As vaccines become more widely distributed and border restrictions ease, people will regain confidence and international travel will revert to pre-pandemic levels within 2-3 years. The governmental support airlines have received through the crisis will ensure flight patterns and availability will remain largely unchanged and affordable.

Alternate Future

The financial stress on the travel sector becomes unsustainable as the pandemic lingers in significant sectors of the global population and airlines fail. This could occur if new variants emerge that undermine the vaccination programme, businesses aggressively adopt remote operations, and/or fuel prices start to climb as economic demand returns.

Potential Impact and Implication

The viability of international events will be very difficult to assess while Covid-19 remains a global issue. It may be compounded by domestic negative sentiment both toward international events and spectators (e.g. lack of Japanese appetite to host the Olympics). Emergence of new variants/pandemics would complicate this picture in populations more sceptical toward official guidance.

Linked Drivers

- Global politics associated with enabling vaccine availability.
- Pressure to restore international travel patterns.
- The dynamic balance between science and politics in determining respective domestic policies.

Economic Outlook

Drivers of Change

- The **international outlook** will remain uncertain as the World continues to grapple with structural economic issues (e.g. accumulated debt) that predate the pandemic.[iv]
- The **domestic economy** has avoided a significant recession as a buoyant agriculture sector offsets the significant tourism downturn.[v]
- **Household economic prospects** are primarily determined by asset ownership, particularly housing. Wealth disparities across generations and communities look set to widen.[vi]

Assumed Future

The broader economic environment will remain relatively stable, if slow-growing. This is supported by lower than anticipated domestic impact of the pandemic and few overt signs of acute global economic stress. Inequality is likely to increase as house prices, though slowing in growth, remain out of reach for younger generations. The cost of active recreation will increasingly become a barrier as societal inequality widens.

Alternate Future

The economy experiences a significant downturn within the next five years (shorter interval than GFC to pandemic) that again places significant economic pressure on New Zealand. The potential sources for increased economic stress include increasing geopolitical tensions (e.g. Indo-Pacific relations), industry substitutions (e.g. impact of alternate animal-free foods), or criminal activity (e.g. multiplying cyber-attacks). It should be noted that multiple stresses may occur simultaneously.

Potential Impact and Implication

In the event of significant economic stress, and in the absence of a broader active recreation positioning, sport spending may lose priority, especially if active participation rates are dropping. Rising levels of inequality may increasingly stratify participation as some sport and recreation activities move beyond the financial reach of financially disadvantaged groups.

Linked Drivers

- The dynamic of the Global pandemic recovery.
- Technology substitution in core economic sectors (e.g. plant-based meats).
- The availability of staff in an ageing society.

Māori Partnership

Drivers of Change

- The **societal drivers**, challenges and trends associated with New Zealand continuing efforts to fully develop its bi-cultural relationship.
- Engagement with **technological change** as innovations either assist or hinder (through cost) participation.
- Growth of **the Māori economy** is anticipated to be a significant factor in New Zealand overall economic performance.
- **National governance** of the sport and recreation eco-system that moves beyond token roles for Māori.
- **External shocks** have a disproportion impact on Māori. Most recently the pandemic is the most obvious example, but climate change will be an increasing factor.

Assumed Future

Further development of the Te Tiriti relationship fosters a positive Māori experience of active recreation. Increasing numbers of New Zealanders take a holistic wellbeing approach that reflects Mātauranga Māori principles and experience. Active recreation is now experienced not just in terms of the activity undertaken, but in terms of how that links to the wider environment in which it is a part.

Alternate Future

Levels of inequality continue to widen creating additional barriers for Māori to participate in active recreation. Disillusioned by a lack of voice in governance, and with increasingly poor statistics for health and education, Māori focus on development of Te Ao Māori environments for their education, work, play and living situation and turn their back on wider initiatives that have little relevance to their lives.

Potential Impact & Implication

There is a real opportunity for to develop through a Mātauranga Māori aligned initiatives that shifts the sector's understanding of what active recreation really means. If this opportunity is missed, then Māori and Pākehā will find themselves increasingly walking in divergent world with limited mutual understanding.

Linked Drivers

- Levels of economic inequality that magnify external economic impacts.
- Changing societal attitudes and wider Pākehā engagement.
- Pressures on available time with fragmented work pressures and whanau responsibilities.

Sustainable Funding

Drivers of Change

- **The ability to pay** for active recreation (whether as participant or spectator) will be determined by trends in low pay/fixed incomes and private debt.
- **Live audience sizes** may decline in the face of differing priorities among younger fans, sensitivity to ticket prices, poor in-venue experience, and changing viewing habits/media consumption.
- **Pressures on government spending** may lead to a shift in focus to higher priority areas.
- **The community funding model may change** through responses to online gambling, the rise of alternative gambling options, and the decline of Class 4 funding.

Assumed Future

Declining revenues from media rights, ticketing and merchandising will place codes under continued financial and some will inevitably fail. However, overall funding levels to sport and recreation across all key channels will not decrease.

Alternate Future

Government funding is controlled at community level and distributed to support activities that are most relevant to keeping people locally active. The loss of focus on specific codes has had the advantage of freeing funds to drive activity in more innovative ways that enable a broader section of the population to participate.

Potential Impact and Implication

Current business models in the sector (as with any sector) are exposed to the risk of changing consumer sentiment and technological disruption. Sustainable funding will be dependent on creating wide appeal and relevance to the delivery of local community wellbeing. This may be achieved outside current code alignments or through creative solutions that use facilities and skills to achieve multiple outcomes.

Linked Drivers

- Rates of income inequality and household spending power.
- Levels of social licence in sectors of significant financial resource (e.g. gaming)
- Increasing competition for discretionary spending of both spectators and participants.

eSports

Drivers of Change

- The **eSports sector continues to grow** as it was one of the few industries that likely benefitted from the pandemic as people looked for socially distanced activities they could enjoy together online.[vii] [viii]
- **Online Gaming revenue** is rapidly transitioning from traditional sports to esports online.[ix]
- **The convergence of esports with traditional sport** was apparent before the pandemic with star athletes becoming involved in the online gaming world, blurring the line between the two. The lucrative financial rewards are anticipated to continue this trend.[x]
- The **cross-media integration** of eSports platforms (e.g. news, features and entertainment-based content enables the industry participants to rapidly innovate offerings to retain participant engagement.[xi]

Assumed Future

With less pandemic constraint, and a physical 'sports-mad' community, eSports are unlikely to have much impact on New Zealand participation levels in the short/medium term and instead will supplement physical activity.

Alternate Future

The growth in eSports accelerates as it becomes increasingly diverse and successful in catering to New Zealanders' inclination to spectate rather than actively participate. This accelerates the trend of declining traditional sports participation.

Potential Impact and Implication

Elite sports franchises will need to consider their ability to engage with eSports as a means to retain market relevance and earnings. Traditional community sports too need to test their assumptions that the social dimension of active recreation will ensure future viability. Online eSports are themselves becoming a form of social media and attracting the attention of tech heavyweights like Google.

Linked Drivers

- Rates of change in related technology sectors, especially virtual/mixed reality platforms.
- The continued shift toward social media spaces as a place for connection for younger cohorts.
- The speed of global pandemic recovery (or otherwise) as an accelerant for online activity.

Human Enhancement

Drivers of Change

- Advances to **enhance physiology** will become more cost-effective enabling routine repair of damage caused either by activity or age.
- **Augmented biomechanics** will enable humans to reduce the impact of work and extend their ability to physically participate later in life.[xii]
- **Improvements in cognitive** function through neurotechnology.
- **Ingestible enhancements** (e.g. nutri-genomics and ingestible robotics) will continue to evolve from the sports nutrition industry.

Assumed Future

Technology will accelerate to provide solutions to most of the challenges of human limitation, particularly those of old age. Soft robotics, for example, will become a key support both for older generations and athletes in the next five years, initially via wealthier cohorts able to afford the technology. Current integrity management frameworks will adapt to emergent technology challenges that could impact the 'level playing field'.

Alternate Future

Disillusionment sets in as the promise of many of the more radical technologies fails to live up to the initial hype to deliver the 'medicine of life'. More tangible interventions like augmented biomechanics are freely available to those who can afford them but are primarily used for extending working life rather than leisure activities.

Potential Impact and Implication

This area of future change perhaps poses the most significant ethical questions for the sport and active recreation sector. It raises issues associated with definitions permissible enhancement for elite competition and, if technologies become widely available, across lower levels of participation too. How will existing integrity management frameworks need to adapt to emergent challenges (e.g. genetic doping).

Current wealth-based inequalities of wellbeing may be exacerbated if those with greater financial assets are able to access new technologies that ameliorate the impacts of ageing or lifestyle-related morbidities.

Linked Drivers

- An ageing society looking to retain mobility both for retirees and those remaining at work.
- International competition that continues to push boundaries to ensure national success.
- The inclination of individuals to seek information beyond traditional sources and adopt novel remedies/enhancements.

Health Trends

Drivers of Change

- NZ's population is **living longer and in better health** for a greater proportion of that extended life-span.[xiii]
- **Increasing morbidity** has led to only 70–80% of the years of life gained over the past quarter century have been lived in good health.
- **Mental health challenges** are growing issue, in New Zealand and globally, with multiple causalities.
- **Lifestyle risk factors** (e.g. unbalanced diet, inactivity) are a growing challenge to wellbeing.
- **Health industry strategy** is attempting to move away from disease response to wellbeing support.

Assumed Future

Health trends will continue to worsen (e.g. diabetes, obesity, mental health) as lifespans continue to increase and individuals make inappropriate dietary choices and maintain sedentary lifestyles.

Alternate Future

Increased regulation of high-impact sectors (e.g. alcohol and high-sugar foods) leads to a reduction in consumption with consequent beneficial impacts on morbidity.

Potential Impact and Implication

There is an opportunity for the active recreation sector to align with innovative health strategy to deliver wellbeing outcomes. By directly align to the needs of high-risk community sectors, active recreation could become a fundamental component of future health provision. This would imply that the sector re-examines support for those activities that have long-term physical risk (e.g. head injury). It may also suggest the greater scrutiny of sponsorship arrangements where these involve the promotion of products that have negative health implications (e.g. high-sugar drinks).

Linked Drivers

- Wage and income inequality trends that determine individuals' ability to invest in their wellbeing.
- Patterns of leisure and work that either preclude, or enable, people to take time to maintain fitness (e.g. food preparation and exercise).
- Broader risk factors (e.g. housing, climate change) affecting mental health outcomes.

Climate Change

Drivers of Change

- Understanding of **the changing climate** continues to evolve, but invariably as new studies are published the projections becoming less promising and the timescale for action contracts. Latest UN estimates indicate the world is still heading for a temperature rise more than 3°C this century.[xiv]
- The **economic adjustments** for New Zealand will be significant if the global community takes effective steps address climate goals through changing diet and travel patterns. The government's response to the NZ Climate Change Commission report will define the level of local ambition to address this change.
- **Local climate impacts**, depending on severity, will likely increasingly disrupt outdoor sport and recreation venues.[xv]
- **Social attitudes** influenced by the climate change concerns are likely to become increasingly politically charged as younger generations in particular advocate for radical action.[xvi]

Assumed Future

Climate impacts will have only moderate impact on active recreation in the medium term. Broader concerns associated with climate change will remain focused on carbon-intensive industries like fossil-fuel extraction.

Alternate Future

An increasing number of climate-related events, and the emergence of several climate tipping points, are making the staging of domestic and international events increasingly more uncertain and impacting related finances.

The publication of the Climate Change Commission's recommendations is a turning point for climate awareness and action. Every sector is now under scrutiny for its environmental performance and faces vigorous opposition if perceived to be engaged in carbon-profligate activity.

Potential Impact and Implication

A more sever climate outlook will challenge active recreation sectors that depend on outdoor playing surfaces. Waterlogged or drought-affected pitches may become the norm making it challenging to maintain consistent levels of activity. At the more extreme end this could seriously threaten the financial viability of some events and codes, with insurance becoming increasingly hard to source.

With heightened awareness of the issue across wider society, the social licence for sport could be eroded if it is regarded as highly carbon consumptive (e.g. reliance on international travel), or a heavy user of a scarce resource (e.g. water).

Linked Drivers

- Societal acceptance of necessary lifestyle changes to reduce emissions.
- The re-inventive capability of global economies to manage living standard aspirations and simultaneously achieve environmental goals.

Demographics

Drivers of Change

- **An ageing population** will have implications across all sectors.[xvii]
- Trends also point to a future population that will be more **urbanised and diverse**.[xviii, xix]
- **Skill shortages** will become increasingly an issue as number of new workforce entrants fails to match retirees leaving.[xx]
- Governments will need to deal with the **changing financial balance** between the taxation of those in employment and the demands of elderly pension, health and care provision.[xxi]

Assumed Future

An ageing population will see the reduction of participation/volunteer support, particularly in the regions.

Alternate Future

New Zealand's population grows through climate migration[xxii] and its perceived success in combatting the pandemic which continues to be a major factor for global populations.

Potential Impact and Implication

Organisations will need to reflect on the demographic they primarily cater to, the outlook for that participant base, and their dependence on volunteer staff. Changing focus to understand how to service the requirements of diverse older groups, that are located in the urban centres will become more critical.

A shift that sees New Zealand become a significant migrant host of more will also demand a greater understanding of active recreation choices that appeal to new populations.

Linked Drivers

- The impact of climate change on proximate countries and the potential for significant population displacement.
- Changing social attitudes toward age as a determinant of employment attractiveness.
- Economic perspectives on the affordability of care and pensions.

High-Performance Competition

Drivers of Change

- Prospects for the **post-pandemic context** for international competition continue to look uncertain for the medium term.[xxiii]
- **Technology innovation** continues to drive the future competition environment.[xxiv]
- **Financial imperatives** will foster new business models approaches that look to maximise data, both player and spectator.

Assumed Future

Global mobility will gradually return to normal as the vaccine rolls out globally. Attitudes to elite sporting events will remain positive with sport-related activism a minor consideration.

Alternate Future

The return of global mobility does not return to pre-pandemic levels as new variants emerge that force governments to maintain border restrictions. Athletes are able to navigate these impediments, but restrictions on spectators and uncertainty over event hosting reduce the appeal of participation.

Potential Impact and Implication

Financial pressure on key franchises is unlikely to lessen even as the pandemic moves beyond its initial phase and borders gradually reopen. Reliance on old loyalties and the certainty of the pre-pandemic fixture calendar will place more emphasis on innovative ways for codes to engage with spectators and future competitors. The data-harvesting business models emerging in the US may indicate one approach to ensure viability.

A greater pressure on athletes and teams to perform at key events will place greater emphasis on highly analytical training regimes and the need for high support levels to maintain player wellbeing.

Linked Drivers

- Macro-trends of pandemic and climate change increasing the focus on each sector's environmental, social and governance performance.
- Technology innovation, particularly in the areas of data and performance enhancement.
- Competition from eSports that both reduce barriers for entry, geographic boundaries and spectator access.

Societal Change (Attitudes and Perspectives)

Drivers of Change

- **Pressure on social structures** that moderate society's function will increase. The pandemic provided a vivid example.
- **Societal norms** also continue to change and test our collective sense of common norms and rules.
- **Personal and cultural identities** will drive new perspectives and grow in importance as individuals look for renewed purpose in a changing world.

Assumed Future

Society will become increasingly polarised as individuals retreat into their social media bubbles and gravitate to multiple information sources that undercut rational advice. Sport and active recreation will continue to be valued by Government.

Alternate Future

New Zealand's diverse future and bi-cultural foundation enables new forms of dialogue and understanding to emerge. A deeper recognition that dominant historical perspectives need can be constructively re-appraised and adapted has led to greater resilience. Embracing ambiguity is regarded as key skill, but also recognised as a profound challenge for individuals who are looking for future certainty.

Potential Impact and Implication

Sport is increasingly involved in what may have previously been regarded as unconnected societal questions. Controversy over athletes bending the knee, or concerns over the mental pressure participant are under, are examples of what will likely be an increasing trend. Sport and active recreation can no longer distance itself from broader social and environmental issues.

The question for organisations and individuals is how to best identify the critical questions that will both influence the functioning of the sector and also the strategies and actions that will provide the necessary leadership for social change?

Linked Drivers

- Social media as an alternate source of information and collective action.
- Global headlines (e.g. climate change) as a precursor for increasing citizen concern and demand for change.
- Levels of economic equality that enable individuals to participate fully in New Zealand society.

Future Time (Leisure and Work)

Drivers of Change

- The **personalisation of time** as the boundary between work and recreation becomes more fragmented and consequently blurs.[xxv]
- **Global influences** through social media engagement, migration and technology trends will continue to shape how New Zealanders spend their leisure hours.[xxvi]
- The **future of human purpose** will come into greater focus as stable careers and modest retirement are affected by automation and increased longevity.[xxvii]
- Increasing **variability of external influences** (e.g. climate, ease of mobility, income availability) will affect individuals' ability to engage in regular activities.

Assumed Future

Patterns of employment and working life will remain largely unaltered as they have in previous periods of turbulence. The local club will remain as an anchor point for individual's leisure experiences.

Alternate Future

Leisure time will increasingly be fragmented and unpredictable to the extent that individuals become far more spontaneous and less planned in their leisure choices. Similar to the social media phenomena that is one factor in this change, individuals will respond 'in the moment' to demands on their leisure time that are novel and less connected to their geographic position.

Potential Impact and Implication

Younger generations, and a more diverse population, experience a world of employment precarity and competing demands for time. Consistency of club membership and active recreation choices could become increasingly difficult to maintain. Activities reliant on a stable membership base may be challenged to compete for individual's attention in this scenario.

Linked Drivers

- Technology and automation that change the availability of employment opportunities and the skills required.
- Increasing ageing and the impact on leisure time availability.
- Economic policies (e.g. pension support, universal basic incomes) that affect the ability of individuals to support leisure activity

Approaches to Testing Assumptions

Why you should test assumptions

- To avoid making mistaken assumptions leading to poor decision making.
- To update our assumptions as the world changes.
- To identify blind spots and generate new insights.

What it involves

There are different ways to test assumptions.

- One approach is assumption reversal. This involves listing your assumptions about the current environment and reversing each assumption to generate new ideas. For example, if your assumption is that 'the use of technology enables collaborative ways of working' the reversal would be that 'the use of technology hinders collaborative ways of working'.
- Another approach is to list your assumptions about the current environment and test the robustness of the assumptions against a set of future scenarios. Assumptions that are robust across a range of futures are more likely to be credible and should guide planning for the future.

Consider this thought process

- What do you expect will be happening 5-10 years from now (your key assumptions), as it relates to sport and recreation?
- What evidence do you have to support those expectations? Remember, we do not have concrete data about what will happen, but we can look to trends and to our and others' plans and actions to discover hints about what might unfold.
- What might happen instead (alternative assumptions)? Allow yourself to consider seemingly far-fetched possibilities.
- What evidence do you have to support the notion that the alternative is possible? You are not looking for evidence that it will happen but rather that it could. If you do not have any evidence that your alternative is remotely possible, consider another one.
- What do you hope will happen?
- What evidence do you have to support the notion that your aspiration is possible?

Footnotes

Pandemic Recovery

[i] China and Russia want to vaccinate the developing world before the West.

[ii] The global economic recovery is a concerning tale of two worlds

[iii] Hybrid Work Model Will Cause Business Travel Patterns to Shift

Economic Outlook

[iv] World Bank - Subdued Global Economic Recovery

[v] RBNZ Governor - Buoyant dairy market buffers economy from tourism downturn

[vi] Why New Zealanders tolerate inequality

eSports

[vii] The Incredible Growth of eSports [+ eSports Statistics]

[viii] The Disruption And Democratization Of E-Gaming

[ix] Esports Continues to Lead Online Gaming Industry Growth

[x] The Convergence of Traditional Sports and Esports

[xi] Gfinity launches new mobile gaming website OMG!

Human Enhancement

[xii] Wearable skin tech from the University of Tokyo's School of Engineering

Health

[xiii] NZ health statistics

Climate

[xiv] Emissions Gap Report 2020

[xv] 7000 buildings at risk for every 10cm sea level rise

[xvi] How the Covid shock has radicalised generation Z

Demographics

[xvii] Ageing Populations And Regional Decline

[xviii] Auckland 2038: The Superdiverse City,

[xix] National ethnic population projections: 2018(base)–2043

[xx] Ageing Populations And Regional Decline

[xxi] The 'Demographic Crunch' is coming more quickly than most people realise

[xxi] Climate Migration: An Impending Global Challenge

High Performance

[xxiii] 2021 sports industry outlook

[xxiv] Minimizing injury: Sports medicine is changing the game for athletes

Future Time

[xxv] The future of leisure

[xxvi] Leisure in Australia and New Zealand

[xxvii] The Future of Leisure