

# Disruptor Scan

## May 2023



### Political

- ↑ **Social wellbeing policy** – Continued focus on short term responses to “cost of living crisis” in run up to election. But \$20 weekly payment increase to 41,000 sole parent families introduced in March, and government expects this to lift up to 14,000 children out of poverty.
- ↑ **Status of public funding** – “No frills” Budget 2023 signalled by the Prime Minister. Repair bill for summer storms & floods likely to be much higher than the Treasury’s upper estimate of \$14.5 billion, when managed retreats and improved infrastructure factored in.
- **Evolution of Treaty Partnership** – Treaty issues will remain a contentious election issue. Co-governance still a point of contention for some. Discussions of the the likelihood & implications of NZ becoming a republic during King Charles III reign likely to continue, but with no resolution for some time.
- ↑ **Health response** – Health system still under considerable stress due to new structures, health demands, staff & capacity shortages, and strike actions.
- **Governance policy initiatives** – Both support & opposition to “Three waters” infrastructure plan after recent changes. In the UK, the government is looking to reform online sports betting to reduce financial and wellbeing harms. Increased regulation of AI likely.



### Social

- **Increasing ethnic, age and gender diversity** – Strong support for trans communities after Posie Parker visit, but increasing anti-trans content is also appearing online.
- ↑ **Changing nature of work** – Growing preference for, and adoption of, more flexible working arrangements, although internationally firms are wanting to reduce working from home. Concerns about impacts of ChatGPT and other AI applications on many tasks and jobs, but too early to tell long term effects.
- **Social resilience** – Resilience in many communities remains precarious due to high cost of living and severe weather events. But community volunteering after emergencies, like the “Farmy Army”, indicates cohesion is often still strong after significant events.
- **Changing leisure patterns** – Flexible working arrangements continue to subtly change patterns and nature of leisure activities.
- **Changing demographics** – Increased exodus to Australia considered unlikely after barriers to citizenship reduced in April. Number of migrants this January higher than the average seen in the 8 years before Covid. India now the most populous nation.
- **Individual wellbeing** – Recent NZ research finds strong association between young peoples’ mental health and how health-constraining or health promoting their local environment is. Declining levels of vaccinations among children, resulting in resurgence of measles and whooping. Incidence of RSV also increasing.



### Economic

- **National outlook** – Considerable economic uncertainty ahead (nationally & internationally). Rate of inflation in NZ has fallen slightly over the last Quarter, but cost of living rose 7.7% over past year. Pre-election debates likely to focus on government borrowing vs cost cutting.
- **Socio-economic inequality** – Wealth distribution unchanged between 2015 & 2021, although wealthier households’ net worth increased much more than lowest 20% of households.
- **Māori economy** – Māori economy growing most strongly in service-related industries.
- **Disposable income** – Disposable incomes continue to be threatened by high inflation, mortgages, the rising cost of living, and stagnant or effectively lower wages.
- **Changing business patterns** – AI applications becoming more widely used, or considered, by broad range of businesses. Workforce impacts are still uncertain. Some firms reducing working from home options, while others are increasing flexibility.

- ↑ Strengthening
- ↓ Weakening
- No change

New item



### Technological

- **Gaming and interactive experiences** – While it is rumoured that Apple will release a VR/AR mixed reality headset this year, Meta has shifted its focus from the “metaverse” to artificial intelligence. VR and AR applications in sport currently are associated more with stadium-based events than individual activities.
- **Human augmentation** – No notable developments this quarter, beyond cases of VR/AR or AI being used to improve human productivity and creativity.
- ↑ **Digital and surveillance** – Data privacy regulations & provisions continue to be introduced or strengthened globally, but there is a lack of consistency. Over a dozen governments, and other institutions, are prohibiting the use of Chinese digital products, such as TikTok, from work devices over concerns about privacy and security. Risks of greater mis- and disinformation increasing due to chaotic changes at Twitter, and growing sophistication of AI.
- ↑ **Increased automation** – Very substantial 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** – Early animal trials on a medication that improve bone and muscle health is being touted in some media articles as a pill to replace exercise, but that is a long way from reality at this stage. “Weight loss” drugs, such as Ozempic, are seeing very rapid (prescribed & unprescribed) adoption. This signals obesity is being increasingly regarded as a medical condition rather than poor self-control. But may also mean more may prefer medical options rather than regular exercise to reduce weight.



### Environmental

- ↑ **Climate change consequences** – Increasing frequency of severe weather events (floods, slips, heat waves, & fires) continue to disrupt communities, and increase financial burdens on households, businesses, councils, and the government. Concerns that seas are warming at a rate faster than predicted.
- ↑ **Climate change response** – Little change since February update, though natural disasters worldwide are increasing pressure for political and corporate actions. Risk of increase in “supercharged climate activism” due to slow state and company responses, but this can undermine public support for such actions.
- **Space and place dynamics** – MfE’s “Our freshwater 2023” report notes that there has been little improvement in water quality between 2010 and 2020, with 45% of many rivers and lakes unsuitable for swimming due to risk of bacterial infections. But no quick fixes. Importance of health-promoting green and blue spaces for mental health supported by recent NZ research.
- **Active Transport** – The National party has signalled it will prioritise roading networks over cycleways. Labour’s 2023 policy has not yet been released, but it appears to support active transport options. Options for a second Auckland harbour crossing have been criticised for being too car and truck focussed. Waka Kotahi has recently significantly increased the dollar value it places on cost of life when undertaking cost-benefit analyses of projects, which may lead to safer roads for cyclists & pedestrians.



### Sector

- **Social licence for sport and recreation** – Little substantive change since February. “Gender doping” is now being used overseas by some who object to transgender athletes competing in some elite women’s events.
- **Athlete and participant wellbeing** – Little new reporting on athlete & participant wellbeing over the last three months.
- **Workforce (including volunteers)** – Competition for skilled labour and volunteers continues, AI applications may become more common to reduce workforce challenges, as well as replace some tasks or roles.
- ↑ **Changes in geopolitical power** – The war in Ukraine, and other geopolitical tensions and human rights abuses, continue to increase risk of bans, boycotts, and/or protests at significant international sporting events, especially for the Paris 2024 Olympic & Paralympic Games.
- **International travel** – Air travel returning to pre-pandemic levels, and airfares falling somewhat. Concerns about avian flu and other outbreaks may lead to further travel disruptions. Several recent shipments of contaminated aviation fuel to NZ indicate potential fragility of NZ’s fuel supply chain, and further disruption risk.

## **What are we seeing?**

- Outlook for this year continues to be hard for many New Zealanders. The possibility of new Covid variants and other infectious diseases disrupting life and lifestyles remains, particularly with falling rates of vaccinations among children. Risk of national or global recession have perhaps eased, but not disappeared. In NZ inflation is expected to peak soon, but local or international shocks could challenge that.
- There is no quick end in sight for the war in Ukraine ending, and risks of escalation rise as Russia may seek to disrupt NATO unity. Tensions around Taiwan are also increasing. India's increasing economic and demographic power may contribute to greater tensions with China and the US.
- Frustration in some flood affected NZ regions about the slow pace of recovery, while further storms are also hitting the same areas. Changes to urban (and rural) design and consenting are likely to be slow, and often controversial.
- While some councils are seeking to cut services to limit rates rises, others are introducing large hikes to cover rising infrastructure costs. Both approaches have the potential to adversely affect sport and recreation services, and participation. 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.
- Incremental national and local government changes appear the norm to address climate change (and other issues), rather than more radical responses. There is variability and/or uncertainty in the ability of local communities to identify how to best address the challenges and opportunities they are facing for a range of issues.
- In the Netherlands, a far right farmers party (backed by agri-business) did very well in provincial elections. It is pushing back on climate policies perceived to adversely affect farmers, This is further exacerbating the "Rural-urban divide" in the country. The potential for a similar political movement here also exists.
- Some governments, such as the UK, are introducing laws to deter disruptive protests. Some NZ politicians have also expressed support for this, for example in response to traffic disruptions caused by "Restore Passenger Rail" activists. In the UK, Extinction Rebellion recently dropped public obstruction activism, shifting toward promoting larger public rallies, although the latter attract less media attention. Climate activism groups seem to be joining a global network of similar groups, and disruptive activities may escalate if more people become frustrated by lack of effective state and industry actions to address climate change.
- The [IRD report](#) on tax paid by the wealthiest New Zealanders backs up perceptions, but whether it will lead to a Capital Gains or Wealth tax is uncertain. National are opposed to intruding new taxes, while Labour's policy position for the General Election is currently unknown. However, public sentiment in having the wealthy "pay their fair share" is growing. Changes in taxes may affect (positively or negatively) sponsorship of some sporting or recreation clubs or events.
- Retention and recruitment of paid and unpaid staff in recreation and sporting organisations continues to be an important issue, with high levels of churn. The sector is vulnerable to any shift in volunteering, and is heavily reliant on older people. There are on-going concerns about the slow pace of change and loss of staff and courses at Te Pūkenga (NZ Institute of Skills & Technology), and uncertainty about student numbers & the benefits amalgamation will deliver. The sport & recreation workforce is likely to rely heavily on Te Pūkenga for training and development, so the sector's future workforce will be impacted by problems in the amalgamation.
- Workplace flexibility initiatives continue. One recent survey indicated nearly a third of the workforce in NZ now work or study from home more often. This is changing work routines and the opportunities for recreation and sport during the day. In another survey, 84% of respondents found that remote and hybrid work made them happier. A third recent study found that demand for flexibility has not slowed, with 25.9% of Kiwi workers reporting an increase in flexibility in terms of working hours, and 26.8% reported an increase in flexibility in terms of location over the last six months. However, not all jobs are able to be done remotely, so there may be emerging equity challenges and difficulty in recruiting or retaining staff where flexibility options are more limited.
- The biggest technology news this quarter was the impressive performance of ChatGPT and other similar AI tools. There is plenty of hype about the implications – positive and negative. Whether it will be transformational is uncertain, but many are already applying these tools in a variety of settings, including sport. Use is far outstripping regulation, and controversial uses and implications can be anticipated.
- Public attention on athlete wellbeing has again been muted this quarter. Media articles highlighting concerns (or positivity) about transgender athletes participating in women's' events appear occasionally.
- Recent political discourse has reinforced that co-governance and Treaty issues will continue to be contentious leading up to (and possibly after) the general election. As seen overseas, some of this may be attributable to contrived "culture wars" by some political parties, but there are also important constitutional and democratic issues involved. Recreation and sport organisations should continue to illustrate the benefits and opportunities co-governance arrangements provide.
- NZ government reforms across health, education and local government continue, often controversially. The extent to which they continue or are rolled back after the election is uncertain.
- Athletes' criticisms of recent decisions by FIFA to accept Saudi Arabia as a sponsor for the 2023 Women's World Cup, the IOC allowing Russian athletes to compete as independents in some regional events, and other sports organisations rules about transgender athletes, have highlighted differences in attitudes and values between some athletes and sports governing bodies. Such tensions seem likely to continue, and further challenge the power dynamics of sporting bodies.