

# Disruptor Scan

February 2025





## ● Social wellbeing policy

The Social Investment Agency launched a Regional Data Explorer, consolidating regional data across various metrics. Minister Nicola Willis emphasised using data for early intervention investments. The agency's funding is yet to be determined, while disability funding constraints continue to cause frustration for affected families.

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## ▼ Evolution of Treaty Partnership

The Treaty Principles Bill received over 300,000 submissions and has already reduced trust to the detriment of local community discussions. This has implications for getting projects done in local communities. While other amendments to remove Treaty references in legislation are less noticed, the Bill has sparked significant youth activism.

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## ● Governance and regulation

The Regulatory Standards Bill, aimed at reducing poor regulations, has closed for submissions. Critics argue it promotes libertarian principles. Councils face challenges due to financial pressures and required referenda on Māori wards.

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## ● Status of public funding

The Treasury's December update revealed prolonged economic weakness, with growth expected to improve in late 2025. Budget surplus is now forecasted for 2028/29. Low productivity remains a key issue. The government introduced new indicator that excludes ACC debt, to show a quicker return to surplus. Public service cuts are anticipated to continue.

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## ▲ Other policy issues

The government has created a new Economic Growth portfolio, taken by the Finance Minister. The science system is being restructured to support economic growth, without increased funding. Health Minister changed amid system complaints, but policy likely unchanged. GP shortages persist due to funding challenges and staff shortages.

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## ▲ Geopolitical events

Globalisation declines as authoritarianism rises. Economic struggles fuel right-wing popularity, promising a return to better times. Geopolitical instability increases due to US actions like tariff reintroduction and withdrawals from international agreements. Asian nations may be less concerned than European ones about US policy shifts.

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▲ Strengthening   ▼ Weakening   ● No change

# Social



## Increasing diversity

Census data reveals Wellington has the highest proportion (11.3%) of LGBTIQ+ residents in New Zealand, followed by Dunedin and Christchurch. Auckland's rate is 4.9%. Nationally, 4.9% of adults identify as LGBTIQ+, with 0.7% identifying as transgender. The Trump administration's efforts to reduce LGBTIQ+ rights contrast sharply with New Zealand's inclusive approach.

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## Social and community resilience

The number of New Zealanders experiencing disasters doubled from 2021 to 2023 (26% to 52%). Community and societal resilience declined sharply in flood-affected regions, but individual and household resilience remained stable, keeping NZ in the global top 10 for these measure. Recent extreme events in US exerted pressure on insurance industry that they are already withdrawing from certain risk categories.

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## Wellbeing

By 2044, 500,000 New Zealanders (5% of the population) are expected to have diabetes, up from 3.9%. This increase is due to population growth, aging, and rising diabetes prevalence. Māori, Pasifika, and Asian populations will continue to be disproportionately affected. State of Nation reports fewer signs of improvement in outcomes for Māori during 2023, or of significant progress in reducing inequity than in 2022. Some US companies are reducing or renaming DEI initiatives to avoid rightwing criticism and legal challenges.

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## Changing nature of work

Despite some pushback, working from home remains a significant workplace trend. On average, New Zealand public servants work 0.9 days per week from home, with 33% doing so 1-2 days weekly. Meanwhile, 200 UK companies have adopted a permanent 4-day workweek without pay reduction, highlighting evolving work patterns globally.

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## Changing leisure patterns

Americans spent 51 minutes less daily on outdoor activities post-pandemic, continuing a "retreat into the home" trend. At-home exercise increased slightly. NZ leisure patterns may shift a little due to Tourism NZ's off-peak strategy, aiming for sustainable, year-round tourism. High costs and global recession reduced backpackers who have traditionally provided a low-cost workforce to the sector.

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Strengthening



Weakening



No change

# Economic



## National outlook

New Zealand's economy suffered the most among developed nations in 2024 but is expected to improve later in 2025. However, Trump's protectionist policies create uncertainty. Cost of living remains the top concern for 22.3% of voters. A January poll found 53% of Kiwis believe the country is heading in the wrong direction, as emigration continues at high rates.

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## Māori economy

Māori economy growth outpaces the national average, but Māori business leaders face challenges. BDO's report highlights lower wellbeing due to financial pressures, with creativity and experience gaps as key limitations. Native American diversification strategies offer potential lessons for Māori businesses

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## Changing business patterns

Inflation fell below 3%, and the RBNZ began cutting interest rates. Unemployment peaked at 5.3%, but business confidence improved. The housing market started to revive, supporting investment and spending. Regulatory changes included a "sandbox" trial for financial innovation, while some businesses adjusted their DEI and ESG initiatives. A lack of public funds may mean the sector (notably professional) is increasingly dependent on commercial funds.

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## Socio-economic inequality

Treasury analysis shows New Zealand's income inequality has decreased slightly since 2010, with variations among household types, although remains high by global standards. Seniors not working show higher inequality compared to working seniors, potentially impacting future inequality trends. Significant reductions in child poverty since 2018 but disparities remain high for Pacific, Māori, and children in households affected by disability.

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## Disposable income

Household net disposable income in NZ decreased by 0.9%, and total household income decreased for the first time in the June 2024 Quarter. This trend expected to continue into the latter part of 2024 and early 2025. This is due to higher non-durable goods prices (like groceries), rising unemployment and costs for services. Growth is projected to reach 2.1 percent in 2025. Total debt per household is reducing on average, but rising interest rates make servicing debt more expensive.

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Strengthening



Weakening



No change

# Technological



## Gaming and interactive

Gamified apps incorporating cognitive or behavioural techniques, like MoodVille, show promise in reducing depression and anxiety, complementing traditional therapies. Meanwhile, smart glasses are enhancing business efficiency and medical procedures. However, AR and VR sets for personal use still face challenges in finding engaging and affordable applications.



## Digital and surveillance

SailGP uses real-time data analytics and digital twins to enhance performance, with teams sharing most data. Meta's decision to remove fact-checking in favour of community notes raises concerns about increased misinformation and potential social harm. The growth of home security products in New Zealand has led to privacy concerns due to limited oversight.



## Health and medical

Variant Bio partners with Novo Nordisk, NZ researchers, and Indigenous groups to develop obesity and diabetes drugs, sharing revenue with communities. Digital avatars show promise in treating schizophrenia. AI improves transcranial stimulation, while Tetris may help reduce PTSD symptoms. These innovations highlight the growing role of technology in mental health treatment. Recent breakthroughs in customising engineered living material (ELMs), where biotech intersects with AI creating new augmentation opportunities.



## Human augmentation

German researchers have developed powered shorts that can reduce walking or jogging exertion by up to 18%. These flexible, easy-to-wear shorts aim to improve mobility for users. The inaugural "Enhanced Games," allowing performance-enhancing drugs, is planned for late 2025. The event's organisers are currently seeking a host city. Financial backer Peter's Thiel's relationship with Trump likely to assist event. Humanoid robots to compete in Beijing half-marathon alongside humans in April.



## Artificial Intelligence

The US is investing \$500 billion in AI infrastructure through the Stargate Project. China's DeepSeek AI claims efficiency over US systems. Goldman Sachs warns of modest AI investment returns. Generative AI shows limited workplace impact. Davos report anticipates AI will transform 86% of businesses by 2030, sparking creation of 170m new roles while making 92m existing jobs redundant. Inequality likely to rise if skills not adjusted.



Strengthening



Weakening



No change

# Environmental



## Climate change consequences

In 2024, the Earth's average temperature exceeded pre-industrial levels by 1.5°C, marking the warmest year on record. The extent of polar sea ice was the second lowest on record. The U.S. experienced 27 climate disasters, each exceeding \$1 billion in damages. The El Niño climate pattern contributed to extreme weather events worldwide. Hansen report noted global warming in the next two decades is likely to be about 0.2-0.3 °C per decade, leading to global temperature +2 °C by 2045.

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## Environmental outlook

Australia's "nature repair market" aims to incentivise biodiversity protection through credits, mirroring its carbon credit scheme. Meanwhile, New Zealand missed submitting its biodiversity strategy at COP16 and did not attend the UN Biodiversity Conference. Globally, biodiversity continues to decline, affecting essential environmental services.

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## Active Transport

A US study found that safety has been the main factor for fewer children walking or cycling to school. Both physical and social factors (such as crime and weather, as well as traffic) influenced parents' perceptions of safety. Though improving the physical environment does reduce parents' concerns for their children's safety.

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## Climate change response

Despite LA fires, US plans to increase oil and gas production while reducing clean energy projects. Six major US banks withdrew from the Net Zero Banking Alliance, reflecting a rightward political shift. Dry ski slopes are gaining popularity, with over 1,000 slopes in 50 countries. AI development is linked to increased greenhouse gas emissions, though long-term improvements may reduce this impact.

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## Space and place dynamics

Auckland's 2016 zoning reforms increased housing supply and reduced rents. However, new developments on flood-prone land continue due to lack of national planning directives. Go Media Stadium installation of over 1,700 solar panels on its roof, aims to generate 60% of the stadium's energy needs through solar power.

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Strengthening



Weakening



No change

# Sector



## Social licence for sport and rec

Cost-of-living pressures narrowing participation and viewing options may impact societal support. The ongoing struggle for sport to align to climate concerns and tackle gender diversity also continues to impact. The banning of greyhound racing and the increased focus on athlete wellbeing will grow support.



## Workforce (including volunteers)

A recent Amateur Sport Association survey found volunteer numbers for community sport in NZ have halved since 2019. While cricket and netball have seen increases, sports like football and athletics face shortages. Factors include time constraints, financial pressures, aging volunteers, and increased bureaucracy. Active NZ continues to show volunteering at good levels. Volunteering is likely to stay subdued in the regions, if Jackson's & Spoonley's previous commentary around declining population holds. Meanwhile, New Zealand's polytechnics and training institutes continue to struggle financially, potentially impacting sports-related courses.



## Athlete and participant wellbeing

A study from Flinders University revealed higher rates of mental health disorders in women athletes and reluctance to seek help. The AIS is seeking athlete ambassadors for its Mental Fitness Program. HPSNZ research highlighted rising mental health issues among elite athletes due to competition pressures. WADA has added weight-loss medicines (such as Ozempic) to its monitoring program to understand if there is a pattern of abuse. Spain's socialist government has sparked controversy by planning to remove the "Q+" from LGBTQ+ and ban transgender women from women's sport.



## International travel

Turkish Airlines is considering offering non-stop flights between Auckland and Istanbul as part of its southern hemisphere expansion plans. This follows an increase in US airlines providing new services to the US, and Air NZ is considering services to London again. NZ passport holders must now apply for an ETA before entering the UK.



Strengthening



Weakening



No change