

Disruptor Scan October 2022



Political

- ↓ **Social wellbeing policy** – Shift from Covid recovery to cost of living support packages & stimulating the economy
- ↑ **Status of public funding** – Inflation/cost of living/supply issues placing pressure on central and local government spending. Budget 2022 reflects balancing short-term cost of living with longer-term economic dev, climate change & health implications
- ↑ **Evolution of Treaty Partnership** – Co-governance being framed as a threat by some political parties, Mayors and councillors
- ↓ **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 to gather momentum. But new councils may push back against transport, infrastructure, and housing policies and initiatives



Social

- ↑ **Increasing ethnic, age and gender diversity** – Increased support and awareness for transgender & non-binary people and people with disabilities. Different approaches to including (or not) transgender athletes across the sector
- ↑ **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
- ↑ **Changing leisure patterns** – Lockdowns accelerated/embedded reshaping of work, time for activity, home entertainment
 - **Changing demographics** – annual growth rate continues to decrease with births declining 0.7% year on year, although life expectancy continues to climb. Immigration expected to increase again as border restrictions end
- ↑ **Individual wellbeing** – Considerable uncertainty about prevalence, persistence and impacts of long Covid. Poorest families severely affected by Covid and cost of living increases



Economic

- ↑ **National outlook** – Considerable economic uncertainty ahead (nationally & internationally). Government debts in good shape. International supply chain constraints and strong competition for talent/labour may slow recovery despite more open borders
- **Socio-economic inequality** – The bottom 40% of households account for just 3% of total wealth. Māori households have 15% less income than non-Māori households. Some measures indicate rates of child poverty are decreasing, but that was pre-Covid
- **Māori economy** – Approximately \$70 billion asset base, and growing and diversifying into new ventures
- ↑ **Disposable income** – Very large mortgages and high rents are significantly reducing disposable income for many. And 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 many

↑ Strengthening

↓ Weakening

• No change

New item



Technological

- ↑ **Gaming and interactive experiences** – 73% Kiwis now play video games, boosted by the pandemic. Three quarters play socially, and similar numbers of men and women play. Facebook's metaverse not impressing many at this stage, but considerable scope for future developments.
- **Human augmentation** – Relatively little discussion of augmentation in this quarter, with more attention being given to billionaires' interest in (fanciful) life span extension.
- ↑ **Digital and surveillance** – The level of data is going to potentially overwhelm participants and coaches seeking to compete at the highest levels. Use and access to data will use ethical issues
- **Increased automation** – Is the prevalence & impacts of automation being over-hyped? Rather than reducing human jobs, it may often not be cost effective. Or applications could just fragment existing jobs (such as HR and help centres), leading to lower paid human jobs in service industries.
- **Advances in health and medical drugs** – Continued progress in novel, but expensive, cancer therapies. Setbacks in therapies for Alzheimer's and other cognitive decline conditions. Costs of new therapies are likely to be high



Environmental

- ↑ **Climate change consequences** – Severe weather events (floods, slips and fires) continue to disrupt communities, and increase financial burdens on councils that may lead to reduced services and support for sports and recreation
- ↑ **Climate change response** – Emissions Reduction Plan and farm level emissions pricing proposal not pleasing many. But rather than assuming a good compromise, the polarised positions (and misinformation) may make developing a generally agreed, and effective, response difficult
- **Space and place dynamics** – Housing intensification progresses, but concerns it is a one size fits all policy. Earthquake strengthening requirements & costs are also increasing, and some Councils are likely to implement managed retreats from some coastal areas. "15 minute cities" attracting interest.
- ↑ **Active Transport** – Emissions reduction plan includes \$350 million to fund public and active transport services and infrastructure. \$30m boost to active transport safety through streets for people fund.



Sector

- **Social licence for sport and recreation** – The International Equestrian Federation established a Social License to Operate Commission. Duty of care afforded athletes will remain in spotlight due to rugby concussion litigations.
- ↑ **Athlete and participant wellbeing** – Athlete Leaders Network established, but still divisions within athlete community. Legal proceedings overseas against rugby bodies for brain damage suffered by players. Prominent athletes taking mental health breaks continue to highlight elite challenges
- ↑ **Workforce (including volunteers)** – Heightened competition for skilled labour. Increased pay gaps between not-for-profit and commercial sector. Older volunteers may still be deterred through fear of contracting new Covid variants
- ↑ **Changes in geopolitical power** – Likelihood of sport being called on to strengthen relationship with Pacific neighbours to counter China's influence. LIV golf criticised for "sportswashing" human rights abuses in Saudi Arabia. Ukraine war likely to lead to further sporting boycotts.
- ↑ **Sustainable financial model** – Lotto review continues, increased focus on alcohol sponsorship, instability of gaming funding all create uncertainty for the sector. Players' resistance (and influence) to sponsorship from fossil fuel & mining companies is also increasing e.g. Australian Netball
- **International travel** – Increased costs, and disruptions to, international travel even after reopened borders. International Air Travel Association working on developing a "One ID" digital identity. This would include health information and biometric data

What are we seeing?

- A significant shift over the previous quarter relates to the right-leaning political change in several of the larger city councils, and their possible de-prioritising of active transport initiatives. The local body elections highlighted displeasure of many councils (and those who voted) to what is perceived to be central government's centralisation of powers. Whether campaign rhetoric will be followed through in council decisions is uncertain, but fiscal and supply chain constraints mean significant reprioritisations in work, which could affect play, active recreation and sporting facilities and activities.
- Concern about the cost of living, inflation, and the potential for a global recession are growing. Around \$165 billion of mortgage debt is due to refinance in the coming 12 months at much higher rates, impacting discretionary spend. These all have the potential to affect participation, as well as the retention and recruitment of paid and unpaid staff in recreation and sporting organisations. Changing jobs is seen as the best means to getting a salary increase at the moment. This may lead to considerable churn in our sector. The numbers of volunteers in NZ is falling and our lack of a volunteer strategy may be a contributor.
- Workplace flexibility initiatives will continue to change working practices for many. Sport & recreation organisations will need to rapidly adapt to these, both for their own workforce and for changes in demands.
- While Covid-19 restrictions have eased, competitions and participation continue to be impacted by illness. Disruptions to education, and high levels of absences mean fewer young people participate in school based sport and recreation opportunities. Studies show that younger people and those most at risk of Covid-19 report poorer mental health. The sector has an important role in addressing this since interventions that promote frequent exercise, and reduce loneliness and unhealthy behaviours are recommended. In NZ the prevalence and impacts of long Covid are only now being studied. But overseas research suggests that significant numbers may have fatigue and other symptoms for a year or more after having Covid.
- The impacts of the pandemic on child poverty rates are not yet known, but the expectation is that some poverty measures will have worsened. It is known that Māori, Pasifika, and single-parent households have been particularly hard hit by the pandemic, - health wise, economically, and academically. The rising cost of living is an additional burden. Engagement of young Māori and Pasifika in sport and recreation may decline considerably without additional effort and support for these communities.
- Public attention on athlete wellbeing has been muted this quarter. But the legal actions against rugby bodies in the UK over player brain injuries, and a coronial inquiry into Olivia Podmore's death are likely to increase attention again on athlete safety and wellbeing.
- Different sports are taking different decisions on whether transgender athletes can compete internationally in women's events, creating a complicated sports environment. Sports bodies are being criticised for not having meaningful consultation with female athletes before making decisions.
- Although air travel is starting to recover, 'flight shaming' has not yet become a significant issue. Discussions about local participation rather than international sporting competitions have been muted as many focus on travelling overseas again. But increasing climate protests may lead to activists trying to disrupt air travel, creating further uncertainty for air travellers and international sporting events.
- Co-governance, particularly its perceived threats, is likely to be a hot-button issue leading up to the general election. Recreation and sports organisations can illustrate the benefits and opportunities co-governance arrangements provide.
- Government reforms across health, education and local government continue, and present engagement opportunities for us. It will be critical for our sector to develop a system wide view of how all these changes present opportunities. Proactive engagement with new councils is also critical to ensure active transport initiatives continue.
- Law and order now fifth highest household concern. Spike in ram raids due to increasing youth resentment and social media bragging part of cause. Safety concerns can lead to increased inclination to stay home and not recreate in public.
- Part way through the lottery grants review the Minister of Internal Affairs says she is considering cutting the link between gambling and charities. This would have a significant impact on sport, with 40% of Sport NZ's funding coming from Lotto. Decisions will be made next year. Māori, Pacific Island and ethnic minority submitters emphasised systemic bias disadvantages their grant proposals. Analyses indicate current community funding patterns from Lotto preserve the status quo..
- The failure of China to gain support for its "China-Pacific Island Countries Common Development Vision" doesn't mean reduced diplomatic effort and initiatives by NZ and other western nations. The NZ government released its Pacific Wellbeing Strategy in September. What this may mean for sporting relationships is unclear at the moment, but it provides opportunities for different sporting organisations in NZ to work collectively with Pacific states. The US also released a Pacific Partnership Strategy, focused on fishing and climate change. Solomon Islands is not a party to the US agreement.
- The risks of the Ukraine war escalating beyond the Ukraine, and concern about China advancing its timetable to bring Taiwan back under its control are dominating geopolitical attention. Either eventuality would likely have significant impacts on international sporting events, and the world economy.