

Disruptor Scan July 2024



Political

- **Social wellbeing policy** – Primary students will keep getting free school lunches until 2026, less support for high schools. Government is reducing funding to community food banks. Subsidies available for early childhood education.
- ↑ **Status of public funding** – Budget 2024 added \$3.2 billion of new spending, but subsequent Budget increases will be lower. This effectively means running zero-budgets in the next few years. Significant cuts across the public service, with thousands of jobs lost.
- ↑ **Evolution of Treaty Partnership** – The Treaty Principles Bill has broad public opposition. Some politicians have criticised some opposition to the Bill, saying that review of the Treaty Principles (rather than the Treaty) and the Waitangi Tribunal are part of a healthy democracy.
- ↑ **Other policy issues** – Agriculture will be exempted from the Emissions Trading Scheme. Development of new fast-tracking processes for selected consents are generating widespread opposition on environmental and democratic grounds. Kainga Ora will now become more of a landlord than a major housing developer. More housing developments possible on city fringes.
- **Governance & regulation** – The Ministry for Regulation is identifying opportunities for reducing regulatory barriers. Local government concerns that central government is eroding some of their decision-making powers. Growing interest and concern about AI.
- **Geopolitical events** – The war in Ukraine and the Israel/Palestinian conflict continue to affect global and regional politics, including disruptions to sporting events. Notable shift towards right-wing and populist parties. US election will have significant global be impact.



Technological

- ↑ **Gaming and interactive** – Apple is developing a cheaper version of its VR headset, while stopping production of the high-end Vision Pro. A range of “smart” glasses are on the market, incorporating AI to respond to everyday audio and visual queries. Augmented reality binoculars are also on the market. A company is developing “wearable treadmill shoes” to better mimic walking in VR. Samsung unveiled Galaxy ring to track health data including sleep and heart rate.
- **Human augmentation** – AI is being used to train exoskeletons to aid walking, running, and stair climbing. This can remove the need for clinical training to personalise the exoskeleton to the wearers, so making such assistive devices more accessible.
- ↑ **Digital and surveillance** – CrowdStrike IT outage serves as reminder of balance between benefits of global technological integration and risks with dependence on centralised services and software updates. US Surgeon General called for smoking-style warnings on social media platforms to reduce adverse mental health impacts on young people. However, there is conflicting research on whether social media play a significant role in declining mental health. Alphabet acquired cloud cybersecurity start-up Wiz.
- ↑ **Automation** – US survey found about 1/3 of firms plan to use AI in next year to automate some employee tasks. In NZ, poor data availability or quality is likely a barrier for many firms adopting AI over the short term. Scepticism from some about AI boom with investment to wane if significant applications do not appear.
- **Health and medical** – Vaccines for some skin and lung cancers are progressing through clinical trials. Promising early results from trials of a new Alzheimer treatment. A brain implant that releases neurotransmitters to reduce the risk of epilepsy is being tested in a young person. Other research is showing promise in restoring muscle strength, and scientists are testing whether compounds that activate oestrogen-related receptors can mimic some of the effects of exercise.



Environmental

- ↑ **Climate change consequences** – In 2023 every month saw high temperature records broken, with warming over 1.5°C higher than pre-industrial levels. Research has found that the frequency and intensity of wildfires has doubled over the last 2 decades. The Austrian Alpine Club predicts that Austria’s glaciers will be gone within 45 years. There are concerns that some fungi may become more virulent &/or resistant to antibiotics as the planet warms.
- ↑ **Climate change response** – Climate-related lawsuits against corporations and governments are increasing rapidly. The European Court of Human Rights in April made a historic ruling against Switzerland, deeming it was not doing enough to tackle climate change. A “digital twin” earth is being used to model climate impacts.
- ↑ **Environmental outlook** – Increasing litigation and regulatory responses to “greenwashing” claims. Canada is amending its Competition Act to include environmental claims in marketing material, and the EU is drafting greenwashing legislation. The UN is developing a global agreement on plastics pollution.
- **Space and place dynamics** – In the lead up to the Paris Olympics the city introduced pedestrian-friendly streets, more cycle ways, and low-emissions zones, leading to a significant improvement in air quality, and residents’ quality of life. Also cleaned river after century long swimming ban due to pollution.
- **Active Transport** – The latest NZ Government Policy Statement on Transport decreased funding for walking and cycling initiatives.



Sector

- ↑ **Social licence for sport and recreation** – The government is letting sports clubs continue to determine their own transgender participation policies, rather than linking funding to government directives. Pressure to consider broader costs & benefits of new stadiums, not just narrow estimated economic benefit.
- ↑ **Athlete and participant wellbeing** – Concerns that intense heat at the Paris Olympics, and other summer sporting events, may pose risks to athletes’ safety and wellbeing. An international survey found that abuse of football referees was common, with about half of respondents indicating that they had considered quitting. Integrity Commission commenced to ensure sport and recreation is safe and fair – an increasingly challenging brief given the many dynamics involved.
- **Workforce (including volunteers)** – Risk that better economic conditions elsewhere may lead to loss of skilled & experienced staff and volunteers here.
- **International travel** – Air travel continues to increase. However, concerns about avian flu and other infectious diseases, along with regional conflicts, may lead to travel disruptions.



Social

- ↑ **Increasing diversity** – Latest NZ Census results show Māori, Asian, Pacific peoples, and Middle Eastern/Latin American/African ethnic groups grew significantly faster than the European group. One in 5 now identify as Māori, a 12.5% increase since 2018. High net emigration offset by influx of new immigrants.
- ↑ **Changing nature of work** – continued shift toward 4-day week, although Greece has introduced 6-day work week.. More employees prioritising (technological) skills development to secure/retain better jobs. Legal arguments over whether “gig workers” are employees continue here and elsewhere. The NZ government has reintroduced the 90-day trial period.
- ↑ **Social & community resilience** – The East Coast repeatedly experiencing severe disruptive weather events. A recent IPSOS survey found that three in five New Zealanders think the country is in decline.
- **Changing leisure patterns** – Internationally, there is a significant consumer shift toward more affordable and sustainable choices in fitness gear. Increased interest in attending in-person events (concerts and festivals), though attendance at virtual events hasn’t stopped.
- **Wellbeing** – . Lululemon’s 2023 global wellbeing report found that wellbeing levels haven’t increased over the previous 3 years. Emerging concern that organisations are indulging in “wellbeing washing” – more work tasks in the name of wellbeing but creating more stress.



Economic

- ↑ **National outlook** – Annual inflation rate to June 24 was 3.3%, a 3-year low. However, NZ remains on the edge of a technical recession, with little likelihood of a substantive improvement over the next few years. Increasing demands for improving infrastructure.
- **Socio-economic inequality** – Government has indicated that in next year’s budget there will be very little funding for community food providers, potentially substantially reducing the number of food parcels available for needy families. Wealth gap continues to increase.
- ↑ **Māori economy** – BNZ Māori business sentiment survey found that many Māori business owners are slightly less optimistic about their operating environment than NZ businesses in general. Many Māori businesses do not expect a significant improvement over the next year.
- ↑ **Disposable income** – The OECD rates NZ as one of the most expensive places to rent in the countries it surveyed. Local economists do not expect rent affordability to change significantly over the short term.
- **Changing business patterns** – AI applications becoming more widely used or being considered by broad range of businesses. Development and uptake continues to outpace regulation resulting in privacy and authenticity concerns.

