

**SMARTGROWTH UPDATE**

**The Implications and Opportunities of an Ageing Population in the Western Bay of Plenty Sub-region**

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# EXECUTIVE SUMMARY

## Purpose of the research

The specific purpose of this research is to identify the implications and opportunities of population ageing within the context of health, housing, employment and transportation in order to recommend policy approaches that will help shape settlement patterns and future urban form in the Western Bay of Plenty sub-region (the sub-region).

## Background

The SmartGrowth strategic planning process was initiated in 2001 with a 50 year Implementation Plan, adopted in 2004 and revised in 2007. While the emphasis has been on growth management that context has included a high demographic focus. In the early phase this included: future population projections, migration patterns and population ageing. The *All Our Futures* Report examined the impact of population ageing within the SmartGrowth region.[[1]](#footnote-1)

The 2007 SmartGrowth Strategy and Implementation Plan (the Plan) recognised population ageing by specifying three actions within the Economic Development and Employment section (7.3.1) which were to investigate and identify economic and employment opportunities in gerontology (including an ageing research facility), to develop a strategy and implementation plan. This work has not been actioned. Ageing is also noted as a feature influencing residential development and the provision of social and care services. A review of these and further recommendations from this report will consolidate a timely approach.

A growing understanding of the implications of population ageing has been a catalyst for collaboration. In 2006 the Bay of Plenty District Health Board commissioned a study to explore the feasibility of a collaborative approach to population ageing with SmartGrowth. As an outcome the Population Ageing Technical Advisory Group (PATAG) was established in 2007. *The parties recognised that the impact of high population ageing in the region will influence social and economic infrastructural systems and the way health services are delivered and resources allocated.*[[2]](#footnote-2)PATAG continues to advise the BOPDHB and SmartGrowth. The BOPDHB has recently released the Health of Older People Strategic Plan which provides direction for managing the challenges of health service provision in ageing communities.

SmartGrowth acknowledges the importance of providing a range of housing choices and locations of residential development to meet the diverse and changing needs of the community. In collaboration with Tangata Whenua the Papakainga Toolkit provides a framework for progressing Māori housing aspirations and recognises the cultural importance of elder roles.

Further, the Bay of Plenty Regional Council has recently reviewed the Regional Land Transport Strategy which included analysis of the implications of population ageing on public transport networks and mobility needs.

Western Bay of Plenty District Council continues to engage communities in infrastructural development through comprehensive community development plans.

Tauranga City Council has established an Elders Forum to provide advice, and this year is implementing an Age-Friendly project based on the World Health Organization guidelines, to strengthen the City and community capacity to enable ageing-in-place and independence.

Economic and population growth patterns have changed since the last SmartGrowth review, but quantifying the extent of that change has been compromised by the lack of recent census data. However population ageing is now more defined in this report and widely recognised as having a major impact on the social and economic future of the sub-region.

## Implications of population ageing in the sub-region

It is certain that global, national and regional population ageing will have a significant influence on the social and economic climate within the sub-region. The dynamic influences of the global ageing megatrend will impact on commodity markets, capital flow and labour supply, thereby affecting the economy of New Zealand and the sub-region. A critical analysis of the regional issues in the context of this report will benefit more stability, lead to business efficiencies, inform housing options and position proactive community based responses.

It is clear that a ‘business as usual’ approach over the next ten years will not be a mandate to continuing prosperity and community wellbeing. A shift is required to address the changing economic climate; to meet the ageing-in-place requirements of a maturing population, the challenge of workforce demands, or provide for the diverse care needs of the burgeoning numbers of older-old.[[3]](#footnote-3)

There are opportunities to be gained from an understanding of the economic impact variables, adapting to these influences and responding to a new climate for innovation. There is additionally significant learning to be gained from the global context, trends, initiatives and responses to date, providing the sub-region with development potential.

Through SmartGrowth, the sub-region is ideally positioned to maximise the unique character of its ageing population. Leadership and collaboration within a broad ‘gerontology’ context can produce economic development from innovation in housing, education, healthcare, tourism and leisure together with quality high demand consumer products and services.

It is crucial that local government, central government agencies, voluntary agencies, business, communities and individuals collaborate to understand and respond to the range of challenges and opportunities brought about by the ongoing ageing of the population in the sub-region.

Ageing populations specifically impact on community and neighbourhood development, affordable housing approaches, planning for health and wellbeing, social care services, and tertiary education provision. Accordingly, Councils will need to allocate resources to accommodate a shift to active ageing-in-place environments. For example, unlocking low cost daytime access to public facilities, swimming pools and community meeting places.

The demographic differences between the Tauranga City, Western Bay of Plenty District and Māori profiles highlight a need to ‘drill down’ to understand ageing and ethnic diversity in the region. The significant differences indicate a need for specificity in policy making.

Noting the significance of the demographic transition within the sub-region (which has started now), it is imperative for local government and SmartGrowth to recognise housing as a fundamental determinant to wellbeing. The goal should be to support communities in which older people can choose from a variety of types of homes that keep them well, keep them connected, and keep them productive.

The impact of a diminishing workforce caused by the retiring of the boomer generation and the ongoing non-replacement in post boomer generations (low birth-rate) is a global, national and regional issue influencing sub-regional public policy and economic growth.

It is clear that the sustainability of the future sub-regional workforce needs to be assessed in order to maintain productivity. Workplaces will need to adapt to retain a mature workforce.

The sub-region can proactively utilise the high ageing aspect of its demographic structure and increasing longevity to leverage opportunity and innovation. This applies to all aspects of economic activity, urban development and housing, key industries such as agriculture, horticulture food production, commercial activity, tourism, healthcare, finance and recreation businesses.

SmartGrowth is well placed to encourage an integrated, multi-agency strategic framework to respond to the implications of population ageing in the sub-region and capitalise on the uniqueness of significant numbers of older people as they age over the next forty years.

The boomer cohort is an ‘industry’ in itself with high quality consumer capacity, and huge untapped capacity – ‘older but not old and not the same.’

*Essentially population ageing is a multi-generational phenomena that requires a life course approach to managing the effects and maximising potential outcomes.*

### **Collaboration, integration and governance**

This report highlights:

* The need for more inclusive SmartGrowth governance arrangements that appropriately reflect the key stakeholders who can influence and respond to population ageing at a sub-regional level;
* That in this climate of constraint market led approaches alone will not deliver the required social outcomes for the future;
* That decision-makers, funders and providers urgently need to better understand the changing demographic structure of the sub-region to improve the knowledge base and provide a platform to plan appropriately for the structural change that population ageing brings;
* That the status quo of a ‘de-coupled’/fragmented approach to social, health, housing and infrastructure planning is not sustainable.

### **Economy / employment**

This report highlights:

* The influence of global, national and local ageing trends on business and growth prospects;
* The relevance of population ageing to the economy, public, private and social sectors;
* The importance of increasing business and community understanding of the impact and implications of population ageing;
* An urgent impetus for business workforce and workplace ageing analyses to strengthen mature workforce engagement, capability and capacity building to ensure continuing productivity;
* A need to ensure inclusion of the social sector in future skills analysis given that it is a significant employer of low income workers, mainly women with potential tertiary aspirations. Mature people comprise the majority of Waikato University student enrolments.
* The importance of promoting age-related innovation;
* Prospects for unique sub-regional innovation and specialisation, particularly in the health sector;
* The benefits of investment in tertiary education opportunities to foster lifelong learning and retain mature workforce capacity and capability targeted at key production sectors, health and social care services.

### **Liveable communities**

This report highlights:

* The importance of community capacity building to provide for supportive age-friendly, ageing-in–place neighbourhoods;
* Primacy for active ageing, maintaining independence, intergenerational connectivity and social inclusion;
* That communities need to be involved to a much greater extent in shaping policy and planning approaches.
* That the current retirement village ‘boom’ is tailor made to respond to a pre-baby boomer generation that will never occur to the same extent again. It is questionable whether the retirement village housing model will be sustainable beyond the baby boomer life phase.
* That with a proactive approach to improved housing, neighbourhood design and settlement connection where the social and health supports for older people are integrated then the sub-region will experience:
* Less dependency by older people on the state, community and family/whanau;
* More efficient use of funding streams to support ageing-in-place;
* Better co-ordination between local government, housing, health and social services;
* Some improvement in housing performance as a result of Building Act amendments earlier in the 21st century, but a realisation that most of the housing stock already in place will still perform relatively poorly;
* Private sector investment in response to the housing needs of older people leading to diversity in housing options;
* Choice regarding secure financial instruments that allow people to free up equity in their home to use for support services to enable ageing-in-place;
* More understanding of the cost and implications of entry to and exit from retirement villages;
* More security of tenure in the rental market with less churn of dwellings between the rental and owner occupied market;
* Better health outcomes from improved thermal performance of housing stock particularly in the rental market;
* More multi-generational settlement in neighbourhoods;
* Reduced reliance on private cars for connectivity in new and existing neighbourhoods.

# SUMMARY OF ACTIONS FOR THE UPDATED SMARTGROWTH STRATEGY

## Collaboration, integration and governance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Action** | **Lead Agency** | **Time** | **Funding** | **Measure of Success** |
| That SmartGrowth invite the Bay of Plenty District Health Board to become a governance partner in acknowledgement of its role as a significant investor in the wellbeing of sub-regional communities. | *Note: This action will be captured as part of the SmartGrowth governance review* | | | |
| That SmartGrowth ensure routine inclusion of demographic change analysis (e.g. population ageing impact) and consideration for the needs of older people (age friendly assessments) in all development, policies and programmes (including civil defence plans and climate change responses). | SmartGrowth  TCC  WBOPDC  NZTA | Short | Partner & resources | Evidence of demographic change analyses can be produced |

## Economy/employment

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Action** | **Lead Agency** | **Time** | **Funding** | **Measure of Success** |
| That the revised SmartGrowth Plan includes as an action the progression of a sub-regional economic development strategy that identifies key economic development opportunities as a result of population ageing and analysis of the implications for the work force; | Smart  Growth | Medium | Priority 1 | Strategy developed |
| That SmartGrowth and the Tertiary Education Partnership:  * With support from the Bay of Plenty District Health Board establish an ageing centre of excellence to foster health, social and economic innovation that capitalises on the unique ageing demographic of the sub-region including an innovation and research fund; * Ensure training and development programmes give consideration to the impact of population ageing on the local economy * With support from Iwi Māori improve the participation of Maori youth in tertiary education that supports local industry, particularly the sciences; | Tertiary Education Partnership with support from BOPDHB | Medium |  | Ageing Centre of Excellence is established  Programmes can demonstrate consideration for population ageing impacts  Rates of Māori youth participation and placement in local full time work improve |
| That the Bay of Plenty Regional Council strengthens its investment in economic development by:  * Investing in research to analyse workforce implications and identify business opportunities arising from population ageing in the sub region * Establishing an ageing innovation cluster within Bay of Connections | BOPRC | Medium | BOPRC | Evidence of research  Ageing innovation cluster established |

## Liveable communities

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Action** | **Lead Agency** | **Time** | **Funding** | **Measure of Success** |
| In its strategic role, SmartGrowth undertake an investigation into the requirements of liveable communities, including the requirements of an ageing population, to provide an evidence basis for co-investment with central government to implement the settlement pattern. | Smart Growth | Short |  | Investigation undertaken and recommendations formulated |
| In its ‘place making’ role, SmartGrowth:take the lead in bringing together local housing providers, the social sector forum, social care services, and the voluntary sector to identify the barriers and recommend policies to ensure well-designed, affordable homes, having regard to the ethos of Lifetime Homes (universal design), Lifetime Neighbourhoods and the desire of people to age-in-place;  * undertake a cost and market assessment of universal design housing as the basis for a factsheet for promotion of this type of housing. | Smart Growth | Short |  | Policy approaches developed  Factsheet developed |

# THE DEMOGRAPHIC TRANSITION TO AGEING POPULATIONS

## The phenomena of population ageing

UN Secretary General, Ban Ki Moon, to mark UN International Day for Older people, October 1st 2012, states:

*Population ageing can no longer be ignored. But the social and economic implications of this phenomenon are profound, extending far beyond the individual older person and the immediate family, touching broader society and the global community in unprecedented ways.*

*On the positive side, population ageing has opened up new markets and brought us more experienced workers, a growing cadre of custodians of culture, and caregivers of grandchildren.*

Population ageing is one of humanity’s greatest triumphs. It is also one of our greatest challenges as it is bringing increased economic and social demands on all countries. At the same time, older people are a precious, often ignored resource that makes an important contribution to the fabric of our societies. Population ageing and urbanisation are the culmination of successful human development during the last century. Living longer is the fruit of critical gains in public health and in standards of living.

How well we age depends on a variety of influences or determinants that have to be understood from a life course perspective recognising that older people are not a homogeneous group and that individual diversity increases with age.[[4]](#footnote-4) Economic determinants together with health and social services, behavioural, personal, physical environment and social determinants are equally as critical and collectively play an important role in affecting wellbeing as we age.

Population ageing and urbanisation have become the dominant social trends of the twenty-first century as cities and communities create age-friendly life-long living environments.[[5]](#footnote-5) By 2030, two-thirds of the world’s population will be residing in cities. [U.N. data show](http://www.un.org/esa/population/publications/worldageing19502050/pdf/80chapterii.pdf)s that by 2050,[[6]](#footnote-6) in a world of 9 billion people, 33 countries will each have more than 10 million citizens who are 60 and older, including Brazil with 58 million, China 480 million, India 324 million, Indonesia 70 million and the United States with 107 million. In New Zealand the 65+ population will grow to over 1 million.

## New Zealand’s ageing reality

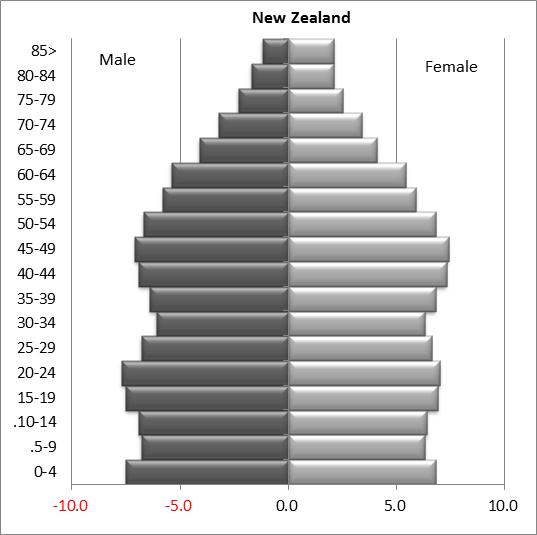
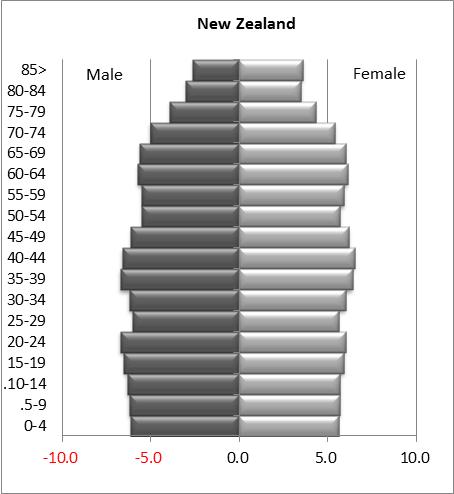
New Zealand is effectively reflecting the demographic pathway of many societies and is similar to the OECD average. Accordingly, New Zealand can learn from the policy responses of other countries.

Population ageing is exacerbating a change in population distribution, with many New Zealand regions and towns in decline. Mature people are locating in a number of naturally occurring retirement communities (NORCS) presenting new economic challenges to planning for ‘growth’ provision of ageing-in–place life long living social infrastructure and elder care provision.

As a snapshot:

* 121,000 people will move into the 65+ age group every five years between 2011 and 2031.
* 611,000 (14%) of the population is aged 65+ currently.  By 2051, 1.3 million (24%) will be aged 65+.
* 76,000 (2%) of the population is aged 85+ years currently.  By 2051, 300,000 (8%) will be aged 85+.
* 117,000 (18%) of people aged 65+ are in the workforce currently.
* The size of the population under 65 years of age is expected to remain constant. (Statistics NZ)

Figures 1 & 1A: Age-Sex Structure, New Zealand 2011 and 2031

*Source: Statistics New Zealand, Estimated sub-national population 2011*

Figures 2 and 2A: Age-Sex Structure, Māori 2011 and 2021

*Source: Statistics New Zealand, Estimated sub-national population 2011*

Figures 1 and 1A show the demographic structure of the total New Zealand population. In contrast, figures 2 and 2A show the demographic structure of the total Māori population. It can be observed that there is a clear difference in fertility and longevity. Figure 1 shows the current projected population structure based on the 2006 census. It shows clearly the bulge of the baby boomer cohort born in 1945 to 1965 and the 1991 baby blip. Figure 1A projections show the ageing of these cohorts over time. The graphs show the male/female differences indicating the longevity of women in New Zealand.

Figure 2 shows a significant contrast with the overall New Zealand pattern. The graphs show the Māori population structure with premature deaths, increasing fertility or high birth rate, and low incremental change in life expectancy.

New Zealand’s population will continue to grow because of the increasing Māori and Pacifica birth rate, with projected growth of 13% out to 2026. A 61% increase in the 65+ population is projected while all other age groups combined will grow by only 5.4%.[[7]](#footnote-7) While population growth may appear to continue, a population that has more elderly than children and/or has lost its reproductive base (15 – 49 years) cannot sustain that growth for long, such that migration will increasingly maintain, rather than increase, population size.[[8]](#footnote-8)

New Zealand’s ageing population has two main drivers: increasing longevity, and declining birth rates.[[9]](#footnote-9) The median age has now risen to 37 years and will rise rapidly over the next 20 years.

What this means is that ‘structural crossover’[[10]](#footnote-10) or the dependency ratio of the population will occur in approximately 12 years time (see Figure 8). It is driven by the ageing of the New Zealand baby boomer generation. The effect of population ageing can be described in terms of structural and numerical demographic change. Structural ageing refers to the increase in the proportion of the population that is old and is primarily caused by declining birth rates which decrease the proportion of the population that is young. Numerical ageing is defined as the absolute increase in the numbers of 65+ due primarily to improvements in life expectancy and longevity. The numbers of 65+ year olds will double as a conservative estimate from 586,000 in 2011 to just on 1.2 million by 2036.[[11]](#footnote-11)

International research shows that longevity is increasing at a rate equal to 5 weeks more living per year. This improvement in life expectancy is a result of improved living conditions and health care. The longer life of baby boomers is expected to be of high quality: healthy and active. Many New Zealanders can continue to contribute and can remain self-reliant for longer in ageing-in-place environments, pushing serious debilitation until the very end of life.

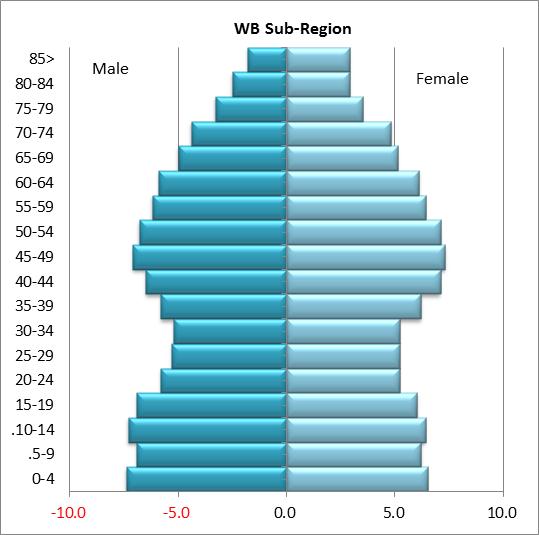
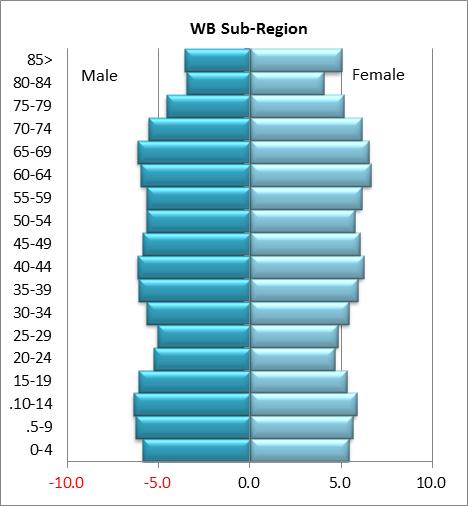
As the boomer generation ages the loss of this population cohort from the workforce will result in a reduced labour force, with increasing global competition for workers. Leading international organisations, New Zealand Treasury, New Zealand researchers including demographer Jackson, acknowledge the importance of population ageing as a national public policy issue and driver for local government decision making.[[12]](#footnote-12)

It will also become increasingly important as the age mix shifts upward to recognise the impact on the economy, labour force availability, health care, housing and social services. Public policy will also be impacted by the diversity of the older 85+ group from other age cohorts with differences in physical capabilities, cognitive skills, health service demand and financial resources[[13]](#footnote-13). The Bay of Plenty District Health Board notes that “*our ageing population has obvious and serious implications for health services in the future. Of particular importance is the estimated number of people aged over 80 that are predicted to grow at a rate of approximately 7% per annum, from less than 3,000 in 2006 to 35,000 in 2050.” [[14]](#footnote-14)*

A demographic analysis of New Zealand regions shows marked diversity in terms of population ageing with the Western Bay of Plenty sub-region recognised as having a significantly higher number of people 65+ living in communities. People will continue to retire to “sunshine” areas in New Zealand that have a high level of recreational and cultural opportunities together with health and specialist medical services (for example, Western Bay of Plenty, the Kapiti Coast, and Nelson).

## The sub-regional context

Figure 3 & 3A: Age-Sex Structure, Western Bay of Plenty Sub-region 2011 and 2031

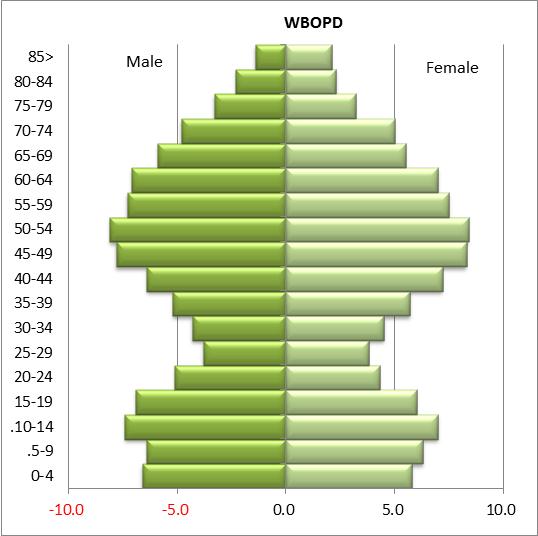
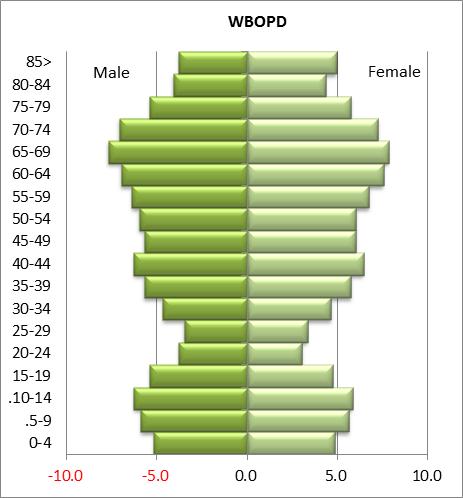
 

*Source: Statistics New Zealand, Estimated sub-national population 2011*

The profiles above and below show the age-sex structure firstly as a combined position for the Western Bay of Plenty sub-region, secondly for Western Bay of Plenty District and finally, for Tauranga City.

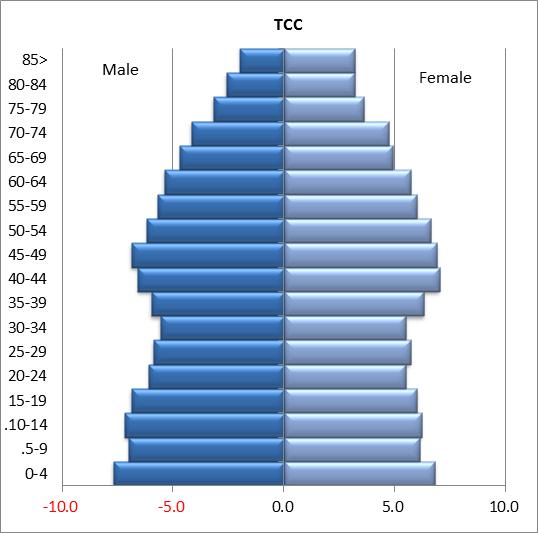
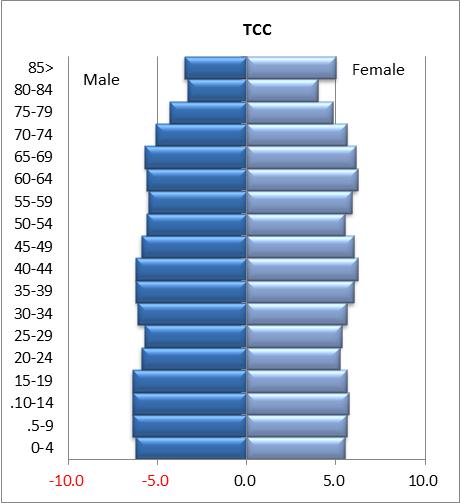
The reality is that the sub-region reflects an older profile and similar structure to total New Zealand. Figure 3 shows the number of 40+ people who will age in the sub-region driven by the boom cohort and choice to live in the sub-region in mid and later life. The structure of the population shows a period of decline in the birth rate and current birth rate increase. Figure 3A shows evidence of increased ageing in the sub-region, driven notably by the survivorship of women which is consistent with national and international trends.

Figures 4 and 4A: Age-sex Structure, Western Bay of Plenty District Council 2011and 2031

* *

*Source: Statistics New Zealand, Estimated sub-national population 2011*

Figures 5 and 5A: Age-Sex Structure, Tauranga City Council, 2011 and 2031

*Source: Statistics New Zealand, Estimated sub-national population 2011*

The profiles for the individual territorial local authorities show distinct differences. It is clear that WBOPDC is ageing more rapidly. The district includes naturally occurring retirement communities (NORCS) such as Waihi Beach, Katikati, Omokoroa and Maketu.

An analysis of the structural ageing of the two territorial authorities indicates widely different fertility patterns. The Tauranga City Council profile shows a baby boom and blip and sustained birth rate which can be largely attributed to Māori fertility. Conversely, the Western Bay of Plenty District profile shows a baby boom, decline in fertility, blip and continuing decline in the birth rate. An averaging of these profiles to create the sub-regional profile distorts the complexity of the picture.

For Māori in the Western Bay of Plenty District, the profiles (both for 2011 and 2021) indicate a Māori baby boom that began later than the accepted 1945 to 1964 New Zealand boom, followed by fertility decline and a further baby blip (similar to the 1991 New Zealand baby blip). This is now followed by an increasing birth rate.

Figures 6 and 6A: Age-Sex Structure, Māori (WBOPDC) 2011 and 2021

*Source: Statistics New Zealand, Estimated sub-national population 2011*

Figures 7 and 7A: Age-Sex Structure, Māori (TCC) 2011 and 2021

*Source: Statistics New Zealand, Estimated sub-national population 2011*

It is clear that while WBOPDC shows a changing pattern of Māori fertility this is not the case in Tauranga City. However there is a marked increase in births since the NZ baby blip period (1991). In both territorial authorities premature death or low life expectancy is a feature.

*The Māori population of the sub-region is not ageing.*

This demographic analysis at a sub-regional level may inform some sub-regional policies such as housing and economic investment but territorial authority decision making will need to ‘drill down’ to reflect the diversity of their own demographic profile. Similarly this will affect the provision of ageing-in-place infrastructure, health and social care service provision.

Figure 8: Dependency Ratio

*Source: Statistics New Zealand area unit population projections by age and sex 2006(base) – 2031 Update.*

The sub-region is facing an imminent shift in the dependency ratio of young to old, such that the number of 65+ year olds to children (0-14 years) will cross over in approximately 4 year’s time (Figure 8). For the Western Bay of Plenty District considered in isolation, the structural crossover is projected to occur in 2013.

## Actions for the updated SmartGrowth Strategy

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Action** | **Lead Agency** | **Timeframe** | **Funding** | **Measure of Success** |
| That SmartGrowth ensure routine inclusion of demographic change analysis (e.g. population ageing impact) and consideration for the needs of older people (age friendly assessments) in all development, policies and programmes (including civil defence plans and climate change responses). | SmartGrowth  TCC  WBOPDC  NZTA | Short | Partner & resources | Evidence of demographic change analyses can be produced |

# LIVEABLE COMMUNITIES

## Housing as a fundamental determinant to wellbeing

The World Health Organisation (WHO) and other lead agencies confirm that older people of the future are likely to be healthier and less disabled longer than older people of today and in the recent past. Nevertheless it is agreed that with ageing populations there will be an increase of impaired mobility and cognitive ability in communities. The impacts on housing demand associated with these changes could be profound, particularly because of the condition and configuration of New Zealand’s housing stock.[[15]](#footnote-15)

Good housing is a fundamental determinant of wellbeing and is a critical pathway to avoid significant and costly dependency. A place to live that is physically manageable and emotionally uplifting is connected with independence, peace of mind, and self-improvement.

Research by Phillipson and Biggs in the UK shows that as people age their homes become more significant in defining their identity and shaping their lives as they spend proportionately more time within the home. Research also suggests that the majority of older people have no preference to live in communities exclusively for people of the same age. Anecdotal evidence in sub-regional fora reflects this view despite the current flow to retirement village environments.

International research confirms that many of the issues around older people’s housing futures in the context of an ageing society are similar to those identified in New Zealand.

* An imperative to age-in-place
* Identity, connectivity and inclusion
* Quality of housing (both new and existing)
* Universal design – Lifemark™ New Zealand
* Housing choice
* Social care and community services
* Social infrastructure including transport

The imperative for people to age in place reflects a desire to stay socially and culturally connected and to continue to live in one’s own home and maintain independence. The market driven retirement village model (designed to provide a continuum of lifetime care) segregates generations, presents risk to the social contract and sharing of cultural wisdom.

Support for the desire of older people to ‘age in place’ is a strongly consistent theme of the research yet this is driven not only by preference but by the gathering body of evidence that service provision within institutional settings for older people is at least as costly to society as enabling service provision within communities.[[16]](#footnote-16) Accordingly, with the private home as the primary care setting, the quality and performance of the home becomes critical to the health outcomes of older people with the need for better co-ordination between local government, housing, health and welfare sectors even more critical.

The importance of meeting the changing housing needs of older people now and in the future is recognised in key national strategies: The National Housing Strategy; the Positive Ageing Strategy and the NZ Disability Strategy. Those strategies recognise the external costs if older people’s housing needs are unmet, and, conversely, the wider public as well as individual and familial benefits of housing that is accessible, adaptable and performs well for older people. There is little evidence of action in response to these strategies in the sub-region despite the demographic profile.

While there is considerable diversity in international research to housing across the life course, four consistent themes can be identified. They are:

* A focus on improved cross-sectoral co-ordination and interface between decision makers and agencies;
* Initiatives to improve the performance and amenity of older people’s existing dwellings;
* Initiatives directed to improving the performance and adaptability of new dwellings across the full life-cycle;
* Initiatives to improve the security and affordability of housing for older people.

In addition, there is also an emerging trend for the housing needs of older people to be addressed within the context of neighbourhood and city planning, connectivity and service provision.

Overseas research highlights that older people appear least likely to recognise the need for improved house performance and yet dilapidated housing and the burden of maintenance and repair has been identified as major factors in prompting older people to disengage from their communities and shift into higher dependency residential environments.

English research on the topic of housing needs for older people cautions against examining current trends in housing demand as reflecting preferences and indicating future patterns of decision-making. Equally interesting is the largely erroneous assumption that people automatically require less living space as they age. International research often cites the ‘under-occupancy’ phenomenon where older people are living alone or as a couple within a ‘family home’. However, respondents to the Counsel & Care study in the UK indicated a desire to maintain the space they are accustomed to, with only 6% wanting less space.

The implication is therefore that population ageing will not automatically lead to increased demand for smaller properties which reflects not only the fact that we are living longer but more particularly the growing number of years in which life can be of high quality: healthy, active and free of impairment. Further, it recognises the growing role for grandparents as informal care providers to grandchildren, a trend that is set to increase and therefore supports the imperative for at least maintaining space within the home.

## Liveable communities

The 1980s brought the birth of universal design envisioned by the late Robert L. Mace, architect and founder of the Center for Universal Design at North Carolina State University. The term was coined to describe the concept of designing all products and the built environment to be aesthetic and usable to the greatest extent possible by everyone, regardless of their age, ability or status in life.[[17]](#footnote-17)

More contemporary research tends to refer to universal design interchangeably with “lifetime homes”, “smart” or “green” houses. While overseas experience shows that a small set of private sector organisations see lifetime design as providing them with competitive advantage, the majority of new home builders do not adopt these principles without active promotion and incentivisation by local, state or national governments[[18]](#footnote-18).

In New Zealand the concept of lifetime homes and universal design has been embodied in Lifetime Design, an independent, not-for-profit organisation established by CCS Disability Action in 2006. The role of Lifetime Design is not to build or design homes but to advocate design standards appropriate for New Zealand’s ageing population. The Lifemark™ is set of design standards to delivery quality based on 5 key principles:

* Accessibility;
* Adaptability;
* Usability;
* Safety;
* Lifetime Value.

Lifetime Neighbourhoods have emerged in recent years as a natural extension of the Lifetime Homes concept. One of the cornerstones of healthy ageing is the concept of place. By broadening our consideration of ‘place’ beyond the individual’s residence, we can begin to think about the contribution neighbourhoods and services play in benefitting people of all ages including young, old, working families and people with special accessibility needs.

*Sparked by staggering obesity rates and the awareness that major health benefits stem from moderate levels of physical activity such as walking, public health professionals are making the built environment their business.[[19]](#footnote-19)*

### **How to achieve a liveable community**

There are several important questions to ask when trying to create a community in which older people are fully integrated and well cared for: What public services are required? Where should services be located? How can cross-generational contacts be made on a daily basis? What special recreational, educational, and cultural opportunities are needed? How can the poorest and oldest members of society be supported? How can a community be made more affordable? And, most important, how can older people be engaged in the planning of such a community?

### **Housing options**

A liveable community provides a range of housing types at various levels of affordability. In addition to retirement villages and aged residential care, there should be a range of housing types available. The options should include supportive housing arrangements that are affordable for people of low and moderate incomes.

### **Planning and zoning**

Community planning should be a transparent, participatory process.

*All too often, citizens and neighbourhood leaders are not engaged in land use planning unless a significant development proposal affects their own neighbourhood. Planning concepts also tend to be expressed in highly technical terms, making constructive participation from citizens even more difficult.[[20]](#footnote-20)*

### **Transportation**

*As the baby boomers age, communities will have come to terms with land use patterns that assume that older adults can drive themselves anywhere at any time just as younger people do.*

To live independently, older New Zealanders must be able to maintain a mobile lifestyle, and in most communities, that means owning and driving a car. Enabling older adults to remain mobile and engaged in their communities requires transportation planning and repurposing of streets to include pedestrians, bicyclists and cars.

Older drivers generally limit their trips as they age, which can increase isolation. Older drivers tend to experience difficulties driving at night, reading traffic signs and turning at busy intersections. Small modifications such as brighter stoplights and pavement markings, larger lettering on street signs and directional signs can make a demonstrable difference.[[21]](#footnote-21)

Older people, particularly those who have retired from the workforce, generally tend to have different patterns than many ‘traditional’ public transport users who commute primarily to and from work. For older people who are not familiar with public transport assistance in understanding and using these services is needed.

## The New Zealand and sub-regional context

It is anticipated that by 2050 there will be at least 800,000 households headed by older people in New Zealand. About a quarter of the population will be 65+ years. Most people 65+ will live in their own homes, but the numbers of households headed by an older person in the rental market will more than double. Older people will typically live alone or with an older partner, with the older-old living alone. More than a million older people will not be in paid labour and well over half a million can be expected to have a disability that impairs their mobility. Around 325,000 older people will not have a drivers licence and even more are likely to be dependant on public transport, walking or on others.[[22]](#footnote-22)

The existing general housing stock in New Zealand is built on the assumption that occupants will be able bodied and without any sensory or cognitive impairment.

Notwithstanding the dearth of research specific to the issue of New Zealand’s (and indeed the sub-regions) ageing population and housing needs, it is fair to say that presently responses to the housing needs of older people usually occur only when an individual faces a crisis or is in considerable difficulty and comes to the attention of agencies. In the housing field there is little or no integrated strategic planning in response to the fact that there will be an increasing number of people living into old age in owner occupied or rented homes that are themselves old. This fragmented, uncoordinated approach will become increasingly untenable given the trends outlined in this report.

There are a range of factors that have limited the extent of strategic planning both nationally and locally to meet the housing needs of people as they age including:

* The focus on affordable housing particularly for young families;
* Lack of localised information/research on how risks related to ageing translate into housing needs;
* Lack of localised information/research about what people want and how they make housing choices.

The last two factors are critical because where ever agencies recognise the need to plan in response to ageing, efforts can be hampered by lack of evidence based approaches linking demographic data with housing need and preferences. This highlights the need for better local data on older people’s housing and how it translates into demand.

### **Age-Friendly Cities**

The Age-Friendly Cities movement initiated by the World Health Organisation is creating social and economic change throughout the world. Nations and States are embracing the recognition that maintaining the independence of ageing populations is an economic imperative. Large cities such as New York and London, towns, villages and communities are adapting and innovating. Initiatives and policy alignment triggered by older people themselves is resulting in improvements that enhance the quality of life for elder citizens. The recognition of this imperative has been slow in New Zealand, but the fact that Tauranga City, the first in New Zealand, is embarking on this journey will inevitably provide valuable leadership.

A key element in a revised SmartGrowth Strategy would include actions to encourage all communities to become Age-Friendly through local initiatives supported by the two Territorial Authorities and the Regional Council. The Bay of Plenty District Health Board has much to gain from social change that compresses morbidity, reduces hospital admissions and rest home care demand. Investment in mobilising and enabling community care networks and service provision will be a vital strategic component within age-friendly community based developments.

## Actions for the updated SmartGrowth Strategy

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Action** | **Lead Agency** | **Time** | **Funding** | **Measure of Success** |
| In its strategic role, SmartGrowth undertake an investigation into the requirements of liveable communities, including the requirements of an ageing population, to provide an evidence basis for co-investment with central government to implement the settlement pattern. | Smart Growth | Short |  | Investigation undertaken and recommendations formulated |
| In its ‘place making’ role, SmartGrowth:take the lead in bringing together local housing providers, the social sector forum, social care services, and the voluntary sector to identify the barriers and recommend policies to ensure well-designed, affordable homes, having regard to the ethos of Lifetime Homes (universal design), Lifetime Neighbourhoods and the desire of people to age-in-place;  * undertake a cost and market assessment of universal design housing as the basis for a factsheet for promotion of this type of housing. | Smart Growth | Short |  | Policy approaches developed  Factsheet developed |

# POPULATION AGEING – ECONOMIC AND EMPLOYMENT IMPLICATIONS

## Global Influence: A certain reality

*In coming decades, many forces will shape our economy and society, but in all likelihood no single factor will have as persuasive an effect as the ageing of our population.* US Federal Reserve Chairman, Ben Bernanke 2006

Amid a global climate of uncertainty there is one certain reality. Global ageing is a driver of economic and social change that will affect every dimension of life, from the shape of the family to the shape of the world order.[[23]](#footnote-23) There is certainty that the global 65+ demographic will grow rapidly between now and 2050, affecting the New Zealand economy. The worlds 65+ population is expected to triple by mid century, from 516 million in 2009 to 1.53 billion in 2050. Sustaining productivity and market share is a global challenge.

*By 2050 all countries around the world, except India will be as old as Japan is today.*

Major global economic analysis agencies claim that an economic rethink is needed. It is important that the global ‘think’ includes the fact that while the developed world is ageing, it is progressing fastest in developing countries, including in those that also have a large population of young people.

While recent concern is expressed over the ‘European factor’ of high ageing nations such as Italy, Greece, Germany, Spain and Japan, the global impact of an ageing China is salutary. China is ageing rapidly, 2-3 times faster than other countries even before it is developed![[24]](#footnote-24) In 2009 there were 60 million people 60+, growing to 480 million by 2050.

Over recent decades major international economic agencies have signalled a changing economic climate due to the impact of global ageing as the number of those aged 65+ grows at twice the rate of the overall population. They note that ageing will certainly challenge public and private budgets in many ways, but through a combination of reduced consumption, postponed retirement, increased asset holdings, and greater investment in human capital, it should be possible to meet this challenge without catastrophic consequences. This irreversible trend occurring at all spatial levels; globally, nationally and locally, is created by three key factors:

* People living longer;
* Fewer children being born;
* Baby- boomers retiring.

The changing demographic presents risks and opportunities for governments, cities, companies and society as a whole. It is widely understood that an understanding of, and an effective response to this historical phenomena can mitigate risks.[[25]](#footnote-25)

The World Bank began warnings in 1984 of a ‘looming crisis’.[[26]](#footnote-26) This heralded a raft of reports from agencies such as the IMF, UN, EEC, OECD, ECB and WHO. Their analysis increased the debate on sustaining economies and fiscal responsibility for policy change to address old age poverty and affordable health care. The European Central Bank advocates later retirement and flexible longer working life to avert major falls in GDP between 2020 and 2050. Key themes include:

* Support of ageing people and alleviating poverty over the lifecycle,
* Sustainability of pensions and social care in an ageing world,
* Impact of ageing on health status, chronic disease, sustainability of long term care,
* Global economic impact of no growth economies, rapid ageing of developing world,
* Impact of global labour, skill and knowledge shortages,
* Changing employment practices and workplace environments.

*“No other force is likely to shape the future of national economic health, public finances and policymaking as the irreversible rate at which the world’s population is ageing*.”

Standard and Poors 2011

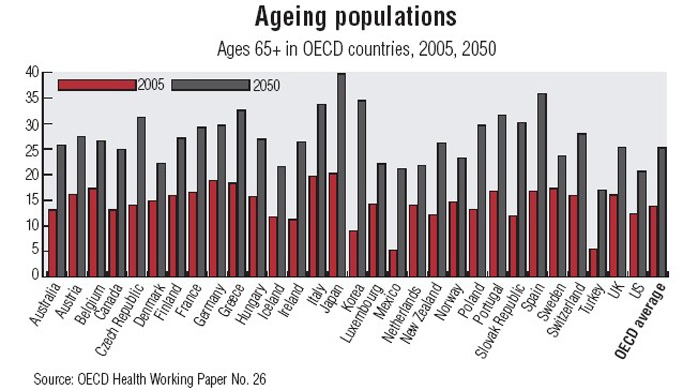
In June 2012 The International Monetary Fund (IMF) urged ‘ambitious’ public policy and private sector reform to stabilise economies. It warned that now is the right time to address the long-term challenge of global ageing, because the economic crisis has made timely action more urgent. Despite global economic recession, and fiscal consolidation, it considers that long-term prospects for many countries remain worrisome due to rapid ageing of ‘economic giants’ Japan, South Korea, Germany and Britain. It notes that this brings social, economic and security challenges. Europe is now closer to the Chinese 4-2-1-dependency paradigm where one child supports 2 parents and 4 grandparents (filial responsibility).



Population ageing is creating shrinkage in the global workforce:

* US: 72 million by 2050
* Germany: 13 million
* China: 480 million
* New Zealand 1.3 million

Fig. 9 OECD Ageing 2005-2050



Increasing longevity is the new dynamic in an already ageing world. An additional four years of life expectancy is projected in developed nations, to 2050. This equates to 5 weeks more living per year, with national costs increasing by 50%.

*It is possible, if we continue to make progress in reducing mortality, that most children born since the year 2000 will live to see their 100th birthdays in the 22nd century.[[27]](#footnote-27)*

The IMF urges governments and the private sector to prepare for the risk of longer life spans as ageing increases national vulnerability to other economic shocks and longer-term stability. *Among other important factors such as the ‘Eurozone’ sovereign debt crisis and declining economic growth, an ageing population plays a crucial role*.[[28]](#footnote-28) Costs associated with Elder care are highlighted as a major economic issue as demands are made on the public purse, family obligation and specialised labour availability.

In contrast the OECD 2012, reports that Africa is the fastest growing youth population with over 200 million people aged 15-24, a figure that is expected to double by 2045 pouring millions of job seekers onto the market.[[29]](#footnote-29) Russia and Hungary have embarked on fertility growth programmes to reduce the dependency ratio. Nordic countries and France have increased fertility family friendly policies and tax reform.[[30]](#footnote-30) Further a Harvard report suggests that the increase in elderly dependents will be more than offset by a decline in youth dependents. And this offset suggests that population ageing does not pose an imminent economic crisis for the world.[[31]](#footnote-31)

Over the last decade the economic and social policy agenda has widened to examine rising longevity issues including increasing participation in the workforce, paid and unpaid work, and the business opportunity that arises from a healthier wealthier and active boomer generation.

Economic analysts in leading international agencies are also now positioning a more positive frame, as the healthiest most educated and wealthiest cohort of people enter later life stages. The European Commission is for example, actively engaged in ageing related economic and social policy change to lift productivity. 2012 is Europe Age-Friendly Year where governments and communities are fast tracking change to improve urban environments, products, services and technology to support active and independent living.

## Ageing in an uncertain New Zealand economy

New Zealand is regarded as a moderately high ageing country similar to the averaged rate of ageing within the OECD. It is likely that the New Zealand economy will be affected by adverse spillovers from global ageing particularly ‘Eurozone’ markets and the dynamics of an ageing China’s influence on global trade. There is economic potential from Iwi strategies to utilise Māori wealth and investment in productive sectors to accommodate a growing Māori labour force.

Public and private business investment requires a new demographic frame of analysis to maintain current levels of GDP. The New Zealand economy has demonstrated broad-based growth in the first half of 2012, despite on-going challenges in many parts of the world. GDP grew taking annual growth to 2.6%, the highest rate since 2007. It was based on a number of sectors, including agriculture, construction, transport and manufacturing.[[32]](#footnote-32) However, the New Zealand economy is expected to experience future slow growth.

New Zealand has an opportunity to gain from the ‘Eurozone’ efforts to mitigate the impact of slower growth and productivity by reducing debt and maximizing active ageing initiatives such as the Age-Friendly Europe 2012 year currently underway. The effort is to enable all sectors to gain a growing understanding of the impact of population ageing, and to adapt to the change that the megatrend will bring to all aspects of society.

### **Productivity, employment and labour force participation**

While sustaining global market share is likely to be demanding, internal productivity is a major challenge as the labour force shrinks due to population ageing. According to Davey[[33]](#footnote-33) this raises the prospect of reduced economic growth and falling standards if efforts are not made to improve labour force participation and increase productivity. The Productivity Commission acknowledges that successful countries develop policies and strategies to mitigate or accommodate such factors, in order to improve living standards and wellbeing.[[34]](#footnote-34) Callister notes that while many New Zealander’s are moving into older age better educated the data shows considerable diversity as a result of 80’s and 90’s unemployment.

New Zealand Treasury has concluded that *future policy needs to be developed within a framework that recognises the potential ramifications of population ageing,[[35]](#footnote-35)* because there will be negative growth in the New Zealand labour force affecting economic prospects.[[36]](#footnote-36)

The certainty in New Zealand is that the dependency ratio will shift permanently as the labour force will average growth of only 0.4% to 2050 and beyond.[[37]](#footnote-37) As the boomers retire there will be fewer people to replace the workforce. Further, commenting on the changing demographic in New Zealand Natalie Jackson states;

*Neither the boomer generation nor that of its children will be replaced “as they pass into history”.[[38]](#footnote-38)*

Older workers will feature prominently in future workplaces but not at the expense of younger workers. Over the next 40 years there will not be enough new workers to replace the baby boom generation as they exit the workforce. This indicates an ongoing need for lifelong learning and a focus on developing a productive innovative highly skilled, high-performing age-inclusive workforce.

New Zealand has a high and growing 65+ labour force participation rate. Statistics NZ projects that people aged 65+ in the labour force will increase to 1 in 3 in 2021.[[39]](#footnote-39) This is a certain shift towards more older people and fewer young people where the ratio of population aged 65+ to the population 20-64 is likely to grow from 23% in 2006 to 50% by 2050.[[40]](#footnote-40) There are implications for: economic growth, Government revenue, public and private spending, positioning of public debt, internal migration, housing, family structures and elder care. [[41]](#footnote-41)

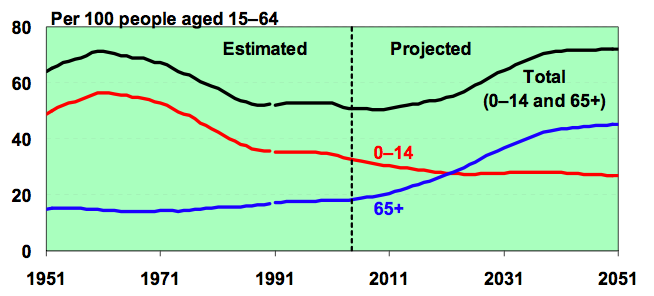
Initiatives such as flexible time and responsibility, orientation to more sedentary tasks and improved work environments have potential to maximise the participation of older workers in the workforce to overcome labour and skill shortages. Davey notes that supply and demand issues may force employers to change attitudes and create a value for older workers.

Longer working lives will give potential to make use of the knowledge and experience of the most educated and healthy older people in our countries history. (130,000 65+ in 2012)[[42]](#footnote-42) Choice or control over work transition is also seen to influence a person’s health and wellbeing in retirement. Choice is linked to wellbeing for older workers according to a New Zealand study.[[43]](#footnote-43) Studies also show that older people who work in low-stress jobs with the hours they desire experience better health.[[44]](#footnote-44)

The New Zealand reality is if retirement is not delayed there will be fewer and fewer potential workers per retiree. Figure 10 illustrates the permanent nature of population ageing as the older age dependency ratio crosses over in NZ. Treasury has noted (2002 & 2009) the need for need for politicians, policy makers and businesses to prepare to advantage future workforce and societal change.

*There is a need to plan for the permanent change in our population age structure that will evolve over the next few decades.* NZ Treasury 2009

Fig. 10 New Zealand Historical and Projected Dependency Ratio



Statistics NZ 2006

New Zealand research indicates that some sectors will experience a greater impact from the changing labour force than others.[[45]](#footnote-45) Manufacturing, transport and storage, education and health and community services sectors currently have a relatively high share of older workers and are experiencing the most significant increases in the proportion of workers aged over 50. As baby boomers begin to reach 65 these sectors will need to find ways of retaining workers and or attracting new workers. Health is one area where future workforce planning is critical. In addition to the ageing of the current health workforce, a proportionately larger older population will increase demand for health care and services.

There is growing evidence that mature workers face increased periods of unemployment or that age has become a barrier to employment (McGregor and Gray 2001, 2003). Further that not only is there diversity within male and female work opportunity but also in income,[[46]](#footnote-46) with female employment opportunity often in a low wage workplace.[[47]](#footnote-47) A Victoria University review of the literature expresses the view that the New Zealand labour market will need to be more accommodating of the changing demographic, free from age discrimination, while understanding the value and benefit that older people provide to the economy, including investment in education, training and flexible work hours.[[48]](#footnote-48)

The New Zealand Business of Ageing Report suggests that a slowing labour market will create workplace change:

* The workforce will be older with more mature workers than young;
* There will be a need for workforce adaptation and job mobility;
* It is time to redefine outdated concepts of sudden retirement;
* Employers will want access to the hard-to-replace skills of older workers;
* More mature interest in continuing to work than previous generations;
* Succession planning will be vital to ensure valuable knowledge and skills aren’t lost as baby boomers leave the workforce.

This report also indicates that:

* More people 65+ will participate in the workforce reaching 7-10% by 2050,
* The economic value of 65+ workers paid work will increase, with earnings rising from just over $ 1billion to $10 billion in 2051,[[49]](#footnote-49)
* The value of unpaid and voluntary work could rise from an estimated $5-6 billion in 2011 to over $22 billion by 2051,
* Older New Zealanders are projected to pay tax on earnings rising from about $200 million to $1.8 billion in 2050,
* Consumer spending is expected in particular commodities, the value is estimated to grow from $10 billion in 2011 to $45 billion in 2051.

## Western Bay of Plenty sub-region: A certain and uncertain reality

*”Everyone knows of the likelihood of the impact, but not the magnitude of the impact.” OECD 2011*

It is certain that population ageing will influence the economy in the Western Bay of Plenty. The influence of global markets, a rapidly ageing labour force, a growing youthful Māori population and potential inward migration as an attractive family, ‘retirement’ and business lifestyle destination create an uncertain ‘space’. It will affect almost every aspect of our live work and play environments in the Bay.

Vitally, it will necessitate decisions on the viability of public and private business investment, the way markets are targeted in New Zealand and to the changing world environment. It will impact how workplaces are organised, our urban planning, the design of housing, public transport, voting behaviour and the infrastructure of shopping possibilities in our communities. Lower productivity is a probable outcome, together with increased politicisation of local Government decision-making and health priorities.

It is also certain that the economic prosperity of the sub-region depends crucially on the size and quality of the workforce.

Unlike many regions the Western Bay of Plenty sub-region is well positioned and may expect to reach above average low to medium population growth influenced by a continuing trend towards lifestyle preretirement and retirement living. However, lower growth and falls in the labour force can be expected. A number of variables will create a dynamic economic climate that includes a new potential for ‘boomer market’ opportunity in the region. [[50]](#footnote-50) Some of the variables include:

* High structural ageing
* High ageing rural communities
* Increased aged urbanisation
* Increasing Māori fertility
* Sustainability of export commodity markets risk.
* Public and private business investment risk
* Sub-regional productivity.
* Loss of labour, skill and knowledge
* Social and health service high skill labour shortage.
* Predictable elder care challenges.
* Affordable Lifemark housing.
* Innovation
* Employer adaption to flexible workplaces
* Interest rate change
* Value of the NZ dollar
* Migration and immigration -growing international demand for transferable skills.
* Flexible short and temporary employment.
* Negative impact on living standards.
* Increasing 65+ diversity
* High increasing 80+ dependency
* Increased 65+ productivity and labour participation
* Changing consumer habits and choices.
* Increased leisure opportunity
* Mature tourism
* Demand for lifelong learning

As the population structure changes reflecting a continuing decline due to ageing (deaths) and continuing decline of our younger generations births, the median age shifts. In the sub-region Tauranga will experience a shift from 38.9 years in 2006 to 41.7, while Western Bay of Plenty District median shifts from 41.7 in 2006 to 48.1 in 2031.[[51]](#footnote-51) Projected median age shifts in the sub-region are an indicator of labour force capacity

Economic growth in the Western Bay of Plenty has in the recent past been characterised by volume based population growth and high, predominantly female, low income service sector, primary produce and food production, health services, the construction industry and the logistics transport and storage industries in that order of labour force engagement. NZEIR reported in 2002 on these occupational and industry trends.[[52]](#footnote-52)

In the same period McKinlay Douglas examined future implications for the economy of the region, noting that the past growth trends were unlikely to continue, predicting a future low growth low-income threshold, possibly without high-income job prospects.[[53]](#footnote-53) The report proposed action to build a future that included more emphasis on ‘human capital building’ creating a culture for knowledge and entrepreneurial skills. Further, that effective, economic development needs to be strategy-based rather than a series of ad hoc measures*.* This approachhas not yet eventuated. Women increasingly continue to be low-income service workers particularly in the elder care industry predisposing longer life poverty. Nor has the suggested centre for excellence in gerontology been advanced to build capacity and innovation as a ‘retirement’ region.

The Bay of Plenty District Health Board is concerned that the impact of an ageing population will place significant stresses on workforce demands. In the recently released Health of Older People Strategy the DHB says that:

*Strategies for increasing and diversifying the workforce are not well developed or focused. The workforce itself is ageing. The average age of nurses in the BOPDHB is now 52 and the average support worker is 50. Pay rates for unskilled labour are at minimum wage level or marginally above as rates for home based support services have not been able to keep up with increases in cost of living. The skill level required by support workers is increasing to keep up with increasing complexity of older people’s support needs. The industry is not an attractive option for younger people. Working in aged care is generally low skilled, untrained and low-paid, and not highly valued by younger people. Unpaid caregivers are also undervalued.*

Women in the sub-region continue to be low-income service workers particularly in the elder care industry predisposing longer life poverty. Given that women live longer than men the issue of life course income and poverty in older age is a serious economic issue affecting housing, social wellbeing and family care capacity.

An overview of economic development activity in the sub-region now indicates public and private investment in particular export industries and new growth initiatives as reflected in the Bay of Connections Economic Development Strategy. These priorities have a wider Bay of Plenty impact.

The logistics and freight sector centred on Port of Tauranga activity is vital to New Zealand and the Western Bay of Plenty sub-region. It appears however that notwithstanding the enormous potential for growth in employment opportunities linked to logistics there is a need for careful analysis of the implications of sub-regional population ageing to determine where the workers will come from to fill these positions. More particularly, what are the adaptations and innovations required to sustain an ageing workforce to be resourcefully productive in this growing sector?

This information will enable more tailored tertiary provision or refocusing of skill sets across the breadth of the sector to validate the viability of the current strategic plan for the industry. Similarly the same point applies to other industry sectors identified as priorities for development and attracting public funding.

Small business innovation is a characteristic of the region. Smart Economy linkages show entrepreneurial efforts across a range of sectors. It is probable that many will transition the impact of ageing due to size, scale of operation and flexible or adaptive self-management. Understanding the impact of population ageing on the future of business could well be an integral part of leadership efforts within Smart Economy. It should trigger an in-depth analysis of the age structure within key sectors such as construction, logistics, agriculture, horticulture, primary health care, home care providers and the social economy as a means to future proof these sectors.

Without an ageing impact analysis of labour needs a ‘business as usual’ approach will not ensure sustained market share. Business leaders will need to focus on understanding population ageing, the global climate, national and sub–regional demographics to assess labour patterns. In addition international evidence shows that valuing the transfer of knowledge, mentoring, up skilling mature workers and creating change in workplace culture will enable future labour stability.

Fig 11 Mapping population ageing impact on sub-regional productivity (Gordon 2012)

The above model Figure 11 has been developed to enable a query to be applied. It is not the purpose of this report to undertake this analysis, but the purpose is to reflect the importance of research to determine a clearer picture of how low global growth, national and sub-regional labour shortage and the dynamic nature of population ageing variables will affect economic development. Particular focus should be given to the potential for Māori and female labour and skill building to support specific economic development projects.

It is crucial and timely to focus on the future sustainability of key productive industries in the SmartGrowth region given the certain impact of population ageing on labour capacity and capability on economic development initiatives.

## From challenge to opportunity: Rising longevity and its implications for business in the Western Bay

Global economic agencies and business groups are positioning a certain market opportunity that targets boomer longevity, their leisure, health and wealth choices. There is a discernible global excitement as business is orientating to the age-friendly needs of the biggest consumer group ever in human history.

*Businesses need to rethink how they define the older marketplace, develop products and services, and deliver customer value.[[54]](#footnote-54)*

### **The business of ageing**

It is clear that there are risks and opportunities to be faced by businesses in the sub-region as they acknowledge the changing demographics, the need for adapting the workplace and adopting a drive for innovation to meet a changing consumer demand. An American 2011 study found that 71% of business executives view longevity as an opportunity.[[55]](#footnote-55)

*Opportunities will be created across virtually all industries and regions.[[56]](#footnote-56)*

Neilsons’ claim that Boomers were born into a culture of affluence and optimism and that these values will stay with them throughout their lives. They also suggest that while it is believed that older generations of consumers have spent less of what they have, from a marketing perspective it simply does not apply to this generation.

A new reality is the view of the Boston Group, who proposes that *companies either do not perceive the magnitude of global ageing, or are too consumed by shorter term imperatives to act.* One of the Group’s key messages is that as people age and become older they will require innovative new products. The Groups study contains examples of the breadth of consumer choice and change underway. For example, in Berlin, a supermarket chain has redesigned stores to become age-friendly to better suit older customers by including brighter lighting, shelves fitted with steps, trolleys with magnifying glasses attached, aisles that are extra wide, larger signs and labels, emergency call buttons and nonslip floors. The company reports 30% higher revenue and improved customer satisfaction. In Japan similar efforts include tables and chairs in stores where people can sit and chat with others and take a break from shopping.

An innovative response to product and service adaption to meet the needs of mature consumers is the emergence of age-friendly accreditation systems for product, services and business. This is a growing trend in the UK, America and Asia. A New Zealand organisation is launching this service with a major power company and bank seeking an age-friendly audit and accreditation as initial awards.[[57]](#footnote-57) Similarly Lifemark NZ accredits homes built to assessed universal design principles.

International economic agencies including the Boston Group, Stanford University, MIT Neilsons and the Economist Intelligence Unit concur that the boomer business is business with a prosperous future.[[58]](#footnote-58) They suggest that embracing boom times is a business imperative. The Boston Group suggests a powerful business opportunity with a global estimate of $8.4 trillion.

Key industries that the Boston Group identified as those with potential to leverage the mature market and become age-friendly include: assistance for physical decline; emergency solutions; companionship; housing efficiency/conveniences; safety and security; intellectual stimulation; financial services, tourism and leisure.

In the future, older consumers in New Zealand are expected to have a $45 million spending capacity by 2051.[[59]](#footnote-59) Private enterprise has potential to harness the lead experience of innovation in high ageing global nations to further target market opportunities as the boomer generation seeks to enrich their lives.

The Western Bay of Plenty sub-region, with high ageing communities, is ideally placed to position leadership and innovation in urban design, housing, education, training, financial services, home renovation and maintenance, product and health care innovation, pharmaceuticals, technology, leisure, tourism and social services in a significant ‘silver market.

Fig 12 Boston Group Analysis of Business Prospects.



The New Zealand *Business of Ageing Report: Realising the Economic Potential of an Ageing Population 2011-2051*, produced by the Ministry of Social Development in 2011, highlights the contribution an ageing population will make to New Zealand’s economic competiveness over the next 40 years. The report presents new data on the value of skills, knowledge and spending power. It builds on the fact that the baby-boomer generation will age and behave differently from their parents’ generation. The report identifies two key factors critical to economic progress:

* A change in attitudes to ageing
* Employer efforts to encourage employment of mature workers

Two major actions are identified in the report as a basis for New Zealand’s future economic growth. They have immediate relevance for both the projects that are priorities in the Bay of Connections Strategy and those private enterprise developments that make up the Smart Economy Plan.

* To increase the number of 65+ people who choose to remain active in the workforce.
* To tap into the growing mature consumer market

A key to understanding market opportunity is the changing age structure and the particular needs and choices people will make within a longer more active lifespan. Figure 13 shows the cohorts ageing overtime, ageing with differing capacities and needs, providing diverse market opportunities according to future demands.

Figure 13: Projected older population by age band 2006-2050 (MSD 2011)

65-69

80+

70-74

75-79

0

100000

200000

300000

400000

500000

600000

2006

2011

2016

2021

2026

2031

2036

2041

2046

2051

Two reports on the sub-regions economic potential were prepared for SmartGrowth at the outset of the project in 2002. One by BERL, projected outcomes based on the past Census data. At that time resource allocation did not include an analysis of the economy and productivity in the sub-region from an ageing population perspective.

Why not ask who will work on the farms in the future, who will manage food production, who will build the houses and supply financial services? McKinlay Douglas did look at future trends, for example, the report highlighted efforts at that time to create a national centre for gerontological studies, recognising the opportunity to capitalise on and strengthen the special characteristic of the region as a retirement destination.

*Turn the Western Bay into an internationally recognised centre of excellence in research, teaching and practice of care for older persons (including support for independent living).[[60]](#footnote-60)*

Ensuring that the Western Bay generally remains a preferred retirement destination will almost certainly be a centrepiece of any economic development strategy for the sub-region as it brings wealth and culture and a volunteer social support infrastructure to the local economy. A growing recognition of the impact of population ageing on the Western Bay of Plenty sub-region, and given the incomplete action within the SmartGrowth Strategy, together with the potential for innovation should bring the ‘centre of excellence topic to the table again to reflect the Productivity Commission adage, *creating more from existing resources.* This point is also is reflected in the work of urban economists such as Ed Glaeser41 and Richard Florida42 that has gained widespread recognition for the idea that it is increasingly the quality of life a city or region can offer that determines its success in economic development.

Tourism and global travel are the largest and fastest growing industries in the world. There is opportunity to give more focus to maximize economic outcomes for this region through an age-friendly approach to the industry. Evidence now shows that age-friendly adaptions to tourism really work. Forecasts for the future indicate the growth of tourism will continue as population’s age and more people will have the time, inclination and income to travel. The opportunity is evidenced today as this region expects 84 cruise ships to anchor here in the coming summer.

Commitment to realising the economic potential, “turning grey into gold,” of an ageing Australia was indicated through a Government nationwide consultation process, detailed reporting and development of a Government action plan with a goal to “reap the opportunities that arise from a larger and more active community of seniors.” The report *Realising the* *Economic Potential of Senior Australians* 2011 details strategic solutions to major issues such as housing, participation, lifelong learning, active ageing, volunteering and philanthropy and discrimination. It challenges Australians to view population ageing as an opportunity, to become age-friendly.

*The challenge is to re-shape workplaces, communities and society to facilitate the contribution of senior Australians rather than to reinforce outdated approaches that create barriers to their participation and lead to disengagement and social isolation.*

### **Harnessing the potential of the social economy**

The changing demographic structure of low fertility and increased longevity introduces other very relevant social dimensions, not just the power and possibilities of the boomer market. These social factors although principally identified in a study of European tourist potential[[61]](#footnote-61) have very real ramifications for wider business decision-making, particularly for the SmartGrowth region.

They include the:

* Growing numbers of older-old
* Increase in working women and two income earning households
* Growing proportion of single adults
* Trend towards latter marriage and families
* Likely faster growth in the number of childless couples
* Further in this region the demographic dynamics of Māori and Pacifica youthful parenthood and high fertility rate.

The size and importance of valuing and connecting the social economy sector in SmartGrowth thinking and actions has become evident. Various workshops and a survey have indicated a service under threat. Many non-government agencies make up this sector. As largely volunteer services they express, as do the funding agencies that a collaborative effort is required to continue to provide vital health related, family, youth and aged support related services such as Budget Advice, Stroke and Alzheimer’s support. It is clear that a new ‘window of opportunity’ needs to be found to address the cost share of this provision. The Charities Commission has valued the contribution of this sector to the economy. It is important to note that the health and services sector is a major growth employer of full and part-time work in this region.

### **It’s time to innovate, take action and change attitudes**

It is now widely recognised that population ageing heralds opportunity. Within the scope of this global mega-trend, there is a highly under valued, little understood localised climate that limits the opportunity to advance a potential Western Bay of Plenty ‘power trend’ or ‘mega niche.’

What are the immediate and thoughtfully considered actions that industry leaders could undertake to innovate and respond to the ageing of the workforce at a local level in the Western Bay of Plenty? There are two key factors relevant to proactively increase and future proof productivity and economic growth:

* Adaptation.
* Workplace, work mode and workforce, Adapting and valuing maturity in human resource strategies. Responding to worker shortage in existing industries.
* Innovation
* Responding to a changing ‘bonanza’ consumer market, that seeks independence and quality of life, ‘living-longer-more’. The market also includes more older-old with frailty, home care, age-friendly ageing in place needs, with technology assistance. It is expected that there will be many new products to support the healthcare industry.
* Innovation in the workplace will be essential to maximise ongoing productivity, in a low labour climate.

However there is a third factor, referred to earlier, and that is attitude. Research in New Zealand by Davey including other international studies, such as the Rowntree Foundation; indicate that attitudes and principally a denial of ageing on a personal level contributes to policy inaction[[62]](#footnote-62) and business inertia.[[63]](#footnote-63)

Comparative date is always a helpful window through which to view or review our positioning and place. Japan, known for its high ageing and active ageing policies had a median age of 44.6 years in 2011.[[64]](#footnote-64) The median age for the SmartGrowth region is projected to reach 44.9 years in 2031 (Tauranga City - 41.7 years, Western Bay of Plenty District Council - 48.1 years).[[65]](#footnote-65)

Efforts to maintain a youthful workforce, to advance incomes, knowledge and skills are critical to the regions economic sustainability, as are strategies to sustain mature workforce participation. Care should be taken now to ensure that ‘young and old’ do not compete for a share of economic and social investment. Both are vital and economically intertwined in intergenerational family and policy frameworks.

The Economist Intelligence Unit 2011 summarises the challenge:

*From a business perspective, potential risks and opportunities fall into two distinct spheres: how to deal with an older workforce; and how to revise product and service offerings to older consumers.*

But, Joe Coughlin CEO of MIT says:

*“People in Europe built beautiful cathedrals when there were few people not because they needed large buildings but because the architects and designers wanted to see if they could…The challenge today is to see if we can design, use technology, behave and invent for life tomorrow.”*

## Actions for the updated SmartGrowth Strategy

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Action** | **Lead Agency** | **Time** | **Funding** | **Measure of Success** |
| That the revised SmartGrowth Plan includes as an action the progression of a sub-regional economic development strategy that identifies key economic development opportunities as a result of population ageing and analyse the implications for the work force; | Smart  Growth | Medium | Priority 1 | Strategy developed |
| That SmartGrowth and the Tertiary Education Partnership:  * With support from the Bay of Plenty District Health Board establish an ageing centre of excellence to foster health, social and economic innovation that capitalises on the unique ageing demographic of the sub-region including an innovation and research fund; * Ensure training and development programmes give consideration to the impact of population ageing on the local economy * With support from Iwi Māori improve the participation of Maori youth in tertiary education that supports local industry, particularly the sciences; | Tertiary Education Partnership with support from BOPDHB | Medium |  | Ageing Centre of Excellence is established  Programmes can demonstrate consideration for population ageing impacts  Rates of Maori youth participation and placement in local full time work improve |
| That the Bay of Plenty Regional Council strengthens its investment in economic development by:  * Investing in research to analyse workforce implications and identify business opportunities arising from population ageing in the sub region * Establishing an ageing innovation cluster within Bay of Connections | BOPRC | Medium | BOPRC | Evidence of research  Ageing innovation cluster established |

# NOTE FROM THE AUTHORS

This report is part of a suite of research reports prepared for the 2012 SmartGrowth Update and it should be noted that:

* It has been prepared within a limited timeframe
* It does not comprehensively discuss the social, economic and housing challenges of population ageing within a cultural context on the basis that:
* other reports will discuss Māori perspectives
* There are low numbers of other ethnic groups within the sub-region.

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