

# Silver economy

A Silver Economy:  
The value of living longer

Carole Gordon

2017

New Zealand and the Bay of Plenty are well placed to link demographic change to innovation for social and economic development.



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## About SUPA-NZ

SUPA-NZ is an innovative and entrepreneurial non-profit social enterprise that seeks to foster improvements in community and business environments to meet the needs of a rapidly ageing population. SUPA-NZ recognises that with more New Zealand people living longer and living more, this is a context for meaningful life purpose where elders contribute to a new social and economic agenda.

## The Silver Economy Project

SUPA-NZ initiated the project to stimulate thinking and conversations at the Silver Economy Symposium August 2016 and to provide thought leadership that will inform and foster responses to the demographic transformation. The initiative is Bay of Plenty and Western Bay of Plenty sub-region focused given collaboration with the Bay of Plenty Regional Council and research funding from SmartGrowth for which we are most appreciative. The outcome has high relevance for social and economic sustainability in New Zealand's ageing communities, towns, cities and regions.

*SUPA-NZ's vision for an age-friendly New Zealand is so clear, so challenging, and so relevant. SUPA-NZ seeks to lead, inspire engage and promote new thinking, organising and preparing for population ageing, now and in the future.*

*SUPA-NZ seeks to foster age-friendly community and business environments to improve the wellbeing of more mature and older people living longer, as a means to achieve social cohesion and economic sustainability. SUPA-NZ is the lead New Zealand organisation awarding age-friendly business accreditation and awarding annual small business customer service awards.*



[age-friendlynz@supa-nz.com](mailto:age-friendlynz@supa-nz.com).

*"Ageing populations can be drivers of productivity and wealth creation by remaining active, engaged and working.*

*Capturing this workforce engine will necessitate workplace adaptations, new definitions of retirement and savings, and investment in lifelong training and education."*

Dr. Michael Hodin. Global Coalition on Ageing  
Key presenter at the SUPA-NZ Silver Economy Symposium August 2016

# CONTENTS

1	EXECUTIVE SUMMARY	6
•	Ten Key Points	11
2	THE SILVER ECONOMY	13
•	A silver economy what is it?	14
•	A megatrend	15
•	Why is it important?	16
3	NEW ZEALAND'S OPPORTUNITY	17
•	New Zealand well placed	18
•	Business opportunity	19
•	Demographic dividend	21
4	OPTIMISING A SILVER ECONOMY IN BAY OF PLENTY	23
•	Silver economic growth	24
•	Silver contribution chart	25
•	Tauranga City silver growth	26
•	Super-ageing Western Bay of Plenty	28
5	LONGEVITY HAS A SILVER LINING	38
•	Global ageing	39
•	New markets	40
6	A NEW PARADIGM	45
•	Challenges for sustaining growth	46
•	Asset and citizen models for change	48
•	A 21 <sup>st</sup> Century social investment	49
•	Active Ageing platform	48
•	New Zealand regional development	51
•	The longevity market place for innovation	56
7	SUMMARY	58
	CONSIDERATIONS	62
	RECOMMENDATIONS	63

## APPENDIX I - G20 Silver Economy Principles

## FIGURES

1 A 21 <sup>st</sup> Century silver economic social investment model	7
2 Change model for silver economic development	9
3 Asia Pacific ageing workforce transformation 2005-2050	17
4 Comparative debt ratio selected OECD countries	18
5 Growth in New Zealand population 65+ and 85+ 1951-2061	23
6 Growth and projected 65+ populations in BOP Territorial Authorities	25
7 Silver average weekly income and projected income Bay of Plenty Territorial Authorities	27
8 Silver average weekly expenditure and projected expenditure Bay of Plenty Territorial Authorities	27
9 Bay of Plenty population change 1986 -2013 estimated 2018-2043 selected age cohorts	34
10 Employment Industries in Bay of Plenty	35
11 Tauranga City estimated and projected age distribution 2013-2043	37
12 Increase in world population by selected age cohort 2000-2050	40
13 Global Fertility decline selected countries	44
14 New Zealand demographic change 1996- 2051	44
15 Deficit to asset-based change model.	47
16 Citizen-based policy change model.	47
17 A 21 <sup>st</sup> Century silver economic social investment model	49
18 Change model for silver economic development	50
19 Longevity age segmentation language model	52
20 Social capital, learning and innovation virtuous circle relationship	52

## SELECTED SILVER ECONOMY CASE STORIES

1 Silver Service IT	21
2 Kawerau Helping	29
3 Smart-Med Robotic Pharmacy	33
5 Shopmobility	36
6 Age-Friendly Business Accreditation	38

## EXECUTIVE SUMMARY

Tauranga City has a booming silver economy. The contribution of mature and older people to the Bay of Plenty economy is projected to more than double from \$2.55 billion in 2016, to \$6.92 billion in 2031, escalating to \$15.62 billion in 2061.

This paper highlights outcomes from a study examining the potential for silver economic growth and business innovation in the Bay of Plenty. The findings inform an evidence-based platform for investment in a strategic approach to growing silver economic sustainability in this and other super-ageing regions. The outcome provides a basis for understanding and valuing the 'silver' contribution to the western and wider Bay of Plenty economy.

A global megatrend, the silver economy is regarded as:

*The opportunities arising from the public and consumer expenditure related to population-ageing and the specific needs of the population over 50.*

This study reflects the reality of a new demographic era. An era where most babies born since 2000 will celebrate 100<sup>th</sup> birthdays. One where a more healthy, wealthy, educated and active ageing boomer population is transforming society. One where global longevity is driving an urbanised silver consumer demand for new markets, innovation and workplace engagement given a remarkable 30 year gain in life expectancy. An era where, according to McKinsey Institute, the days of easy growth in the world's cities are over, and that their response to demographic shifts will influence their prosperity.



The study focused on an overview of global commentary on optimising silver economic growth. It included an assessment of the 65+ consumer, worker, taxpayer and volunteer contribution of mature and older people to the Bay of Plenty economy 2016-2061. The study demonstrates that the Bay of Plenty silver economy earned \$2.55b in 2016. Comparatively it exceeds kiwifruit industry exports of \$1.32b 2012-2016.

The context is, a rapid phase of demographic transformation, where one in four New Zealanders will be over 65 years by 2036. As Jackson stresses, New Zealand regions are experiencing a demographic transformation. A context where, a projected 350% increase of mature, older and older-old people living in Tauranga City, rises from 49,110 in 2016 to 140,802 in 2061.

The study reflects a global longevity megatrend where indicators show:

- Globally: by 2050 there will be more people over 60 on the planet than under 16 years.
- Nationally: the number of 675,000 New Zealanders over 65 years in 2016 will double over the next twenty years.
- Locally: people 65+ are expected to make up 73% of all future population growth in the Western Bay of Plenty.

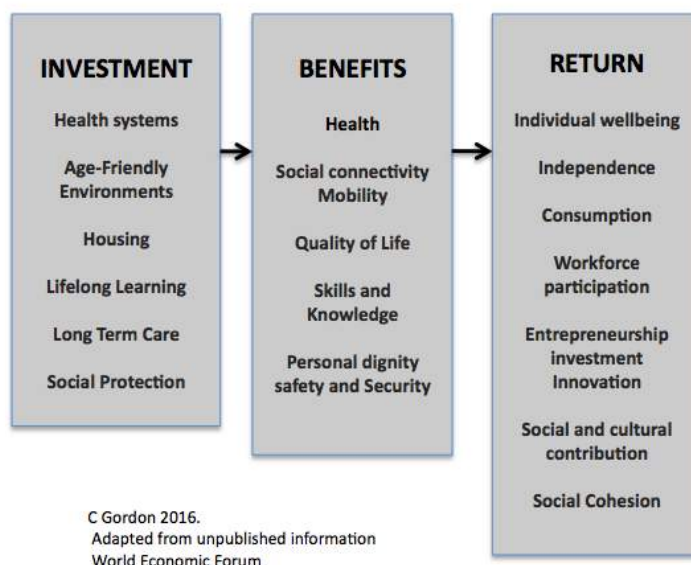
There is a known economic imperative to optimise age-friendly environments as a means to offset the social and economic effects of population ageing.

Longevity is regarded by the World Economic Forum as a “supremely powerful market driver.” It suggests that as population growth slows and labour markets shrink, regions, cities and towns that are able to increase per capita income and improve the quality of life of their citizens, can thrive. The Forum stresses that as the private sector moves to capture opportunities, public policies are needed to address ageing and enable further innovation.

Despite earlier demographic doom rhetoric, this study concurs that, given the right strategic frameworks, investment in improved environments for active ageing and wellbeing, will drive innovation and new markets, reducing the cost of aged dependency. Further, based on trends and lead global agency commentary, it reflects a view that the impact of more people living longer is optimising a “longevity dividend” or “silver” platform for economic growth. The position includes prioritising a 21-Century social investment strategy as a crucial platform for improved wellbeing, future social cohesion and economic sustainability.

Fig.1 A 21<sup>st</sup> century silver economic social investment model.

### 21<sup>st</sup> Century Social Investment Model



The evidence of the significant silver contribution to the Bay of Plenty economy indicates a powerful potential for strategic action to grow a ‘longevity dividend’ within the wider Bay of Plenty super-ageing districts and other New Zealand super-ageing regions.

By replicating the methodology used to produce the Government's *Business Of Ageing* update report 2015, analysis of the Bay of Plenty economic data provides a strong evidential basis for further discussion and possible replication in other regions.

The study shows that a silver economy will continue to have a profound impact on economic development in Tauranga City and the wider western Bay of Plenty sub-region. The City has 47% of the region's older people in 2016, with the share rising to 58% 2051-2061. Other districts show decline with Opotiki reducing by 50% 2016-2061.

The Bay of Plenty silver economy projected value of \$6.92 billion in 2031, can be compared to the \$6.6% Western Bay of Plenty sub-region agriculture, forestry and fishing industry contribution to GDP in 2015, and is higher than the 2015 total retail sector GDP in Tauranga City.

Tauranga City is both the focus of the Bay of Plenty region's silver economy and its major source of future growth.

Optimising 'silver growth' will however, require a shift in today's policy and discourse climate. A major shift from denial, of expressions of anticipated 'demographic change,' McMillan's avoidance by "doing nothing, and Jackson's "holding back the tide" is required. The shift to an opportunity or asset climate is needed to ensure an informed public platform for citizen focused 'disruptive' strategic planning for a resilient 21<sup>st</sup> century. It is timely to recognise that:

- Policy and political discourse over recent decades was based on a now obsolete view of 'burgeoning' costs of unproductive aged dependency and the fiscal challenges of health and income support.
- Increasing longevity is an unprecedented opportunity to optimise human capital and innovation linked to new global or localised markets.
- Global investment in innovation and silver business is underway. Corporations such as: Bank of America Merrill Lynch, Nestle Skin Health, BlackRock, BMW, Intel, GE, Novartis, Aegon, Discovery, Pfizer have adopted 'ageing' as a strategic commercial driver.
- British research demonstrated that despite aged pension, health and social care costs there is a revenue gain from the silver economy.
- Key global reports including G20, OECD, WHO and World Economic Forum are urging nations and communities to adopt frameworks that recognise investment in a culture of wellbeing and active ageing infrastructure as a transformative power.

In New Zealand the lead boomer cohort reaches 75 years in 2021, followed by rapid ageing thereafter. Many New Zealand communities including some in the Bay of Plenty are now super-ageing with median ages over 50 years, currently higher than Japan. Rapid ageing includes a quadrupling of people over 85 years by 2050 in the Western Bay of Plenty.

*"Global ageing is one of the greatest transformations of our time."*  
Merrill Lynch 2015



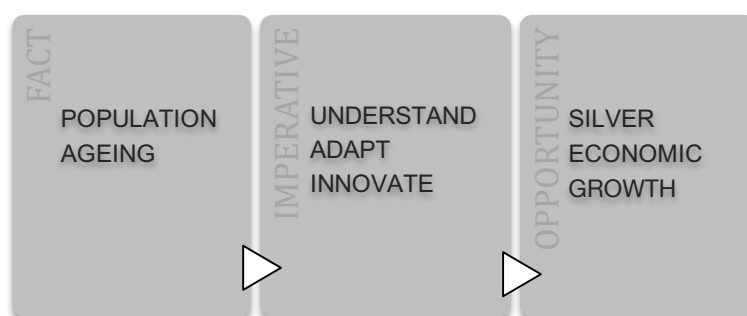
It is vital that New Zealand decision makers recognise that the global structural super-ageing transition is mirrored nationally in many regional communities.

**The imperative for change is driven by three key factors:**

- 1 In a society with fewer young people, and more older people living longer, the cost of doing 'business as usual' while exacerbating aged dependency, is just too great.
- 2 A silver lining is possible. The number of people actively living longer increases market capacity for product, service and technological innovation. The silver marketplace brings new jobs, and export market opportunities for younger generations.
- 3 Policy reform is needed to capitalise on a longevity environment.

The potential for maximising a silver economy is however predicated on the capacity for understanding the nature and depth of demographic transformation. Sustainable development requires visionary courage and bold changes in mindset in order to recognise and understand how economic stability is linked to a longevity lifespan. An example of such expanded thinking requires a shift from a traditional youth culture policy platform to one that more accurately reflects the ageing world.

Fig. 2 Change model for silver economic development.



Today lead global agencies such as the G20, APEC, the World Economic Forum, OECD, WHO, ILO and IMF regard 450 million global "baby boomers" as the world's greatest untapped economic resource.

The World Economic Forum has set a "mandate to invent, innovate and move forward fast with, *"the 21<sup>st</sup> century's formative market opportunity."* Financial institutions such as Bank of America Merrill Lynch, Boston Consulting, the Economist are championing silver consumer market opportunities for goods and services. The McKinsey Institute heralded a *"global force breaking all trends."* The Economist reports that business needs to "shift gears and adapt." BlackRock, the largest asset manager in the world, released a 2015 white paper, emphasising the opportunity to unlock human capital, increase productivity and rethink retirement savings investment to overcome strain on pension systems and mitigate healthcare demand.

It is clear that despite political rhetoric and alarmist reporting older New Zealanders are not a costly burden, but rather, major economic contributors to society.

NEW ZEALAND SUPERANNUATION IS ESTIMATED TO  
COST \$20B BY 2031

MATURE AND OLDER NEW ZEALANDERS ARE  
ESTIMATED TO CONTRIBUTE \$39B BY 2031

THE SILVER CONTRIBUTION TO THE ECONOMY IS  
EXPECTED TO REACH \$65B BY 2051.

A Local Government UK report found that despite the cost of pension, health and care expenditure, there is a \$40 billion economic gain (2010) from the 'silver' financial contributions of older people. It is projected to increase to \$77billion by 2030,

Current generations of older New Zealanders grew a post World War II 'boomer' economy and today, according to the Ministry of Social Development Business of Ageing 2015 update report and as this study indicates, they continue to make a measurable economic contribution.

When New Zealanders recognise the value of the silver economy they will understand that it is deep ageism that promotes older people as a burden on society. They are major social and economic contributors to their own destiny. The contribution in employment earnings, taxation, consumerism and as volunteers is almost double their Superannuation payments.

This evidence aligns with international indications that:

- The global spending power of the significant and diverse consumers aged 60+ will reach US \$15 Trillion+ by 2020.
- Their lifestyles, aspirations and spending patterns differ from older people of previous generations.

It is clear that a new "silver economic paradigm" requires policy that invests in social and business capacity to proactively respond to ageing customer segments in an environment where people seek to live in their own home. The challenge is to optimise age-friendly business, the built environment, lifelong education, 50+ employment, homes that enable independent living (ageing-in-place), access to community amenity, transport, health-care and technologies that enable wellbeing to flourish, while innovating in home-based and personal care.

The prospect of more people living longer and living a more meaningful, productive and purposeful later life is a vital economic driver for future sustainability.

According to the World Economic Forum :

*“Ageing must be reframed so that this time of life is one of productivity and prosperity.”*

The World Health Organisation their Ageing and Health Report 2015 states:

*“Current public-health approaches to population ageing have clearly been ineffective. The health of older people is not keeping up with increasing longevity”( Model for change see Appendix II)*

*“This report, therefore, takes a different approach to the economic implications of population ageing. Rather than portraying expenditures on older people as a cost, these are considered as investments that enable the well-being and various contributions of older people”*

### **ACTIVE MEANINGFUL AGEING IS THE PLATFORM FOR WELLBEING AND ECONOMIC GROWTH.**

Policies that provide secure income and investment in active independent living environments will critically define the degree to which the silver economy is attainable, and the degree to which we can support the vulnerability of old age.

A paradigm shift is of critical importance in order to avoid economic decline, labour shortages, generational poverty and a health care cost crisis.

The shift includes the challenge of moving from outmoded view shafts to a new 21<sup>st</sup> century policy paradigm.

Policy platforms that maximise a culture for silver initiatives, innovation, business opportunity, workplace engagement, productivity, new urban design, and volunteer contributions, are vital to enable a living longer wellbeing.

# The Silver Economy

## TEN KEY POINTS

- 1 Longevity will create markets and drive economic growth.
- 2 The silver economy is a new megatrend driven by unprecedented global ageing
- 3 Mature, older and older-old people significantly contribute to the economy
- 4 Tauranga has a booming silver economy.
- 5 New Zealand is well placed to grow a silver economy.
  - Large well boomer cohort
  - A youthful regional Maori workforce
  - Structured fiscal floor for income security.
  - Stable advanced economy.
  - Growing Asia Pacific consumer market access
- 6 A 'business as usual' approach is insufficient in a longevity environment.
- 7 There are positive opportunities for New Zealand's super-ageing regions to proactively respond to population-ageing sustainability through silver economic development and improved environments for ageing.
- 8 Transformative strategic policy change to a 21<sup>st</sup> century paradigm is vital in order to gain substantial social and economic benefits. Further to:
  - Manage slowing economic growth, population decline, worker shortage and business viability.
  - Sustain community resilience and social cohesion.
  - Enhance innovation and jobs for younger generations.
  - Improve wellbeing and participation of mature and older people.
  - Reduce age dependency and health and social care costs.
  - Manage traditional commodity export trade and maximise emergent potential through innovation.
- 9 Evidence indicates that investment in silver economic growth benefits from:
  - Learning and sharing international leadership and research
  - Better local government understanding of the characteristics of current and future generations of older people in order to respond to specific service needs (87.6% live in the community not in a village)
  - Cross policy intersectoral approaches
  - Business innovation and responsiveness to consumer demand.
  - Improved longevity wellbeing through: liveable community development age-friendly community and business environments, products, services and transport. Care technologies and access to lifelong education.
- 10 A 21<sup>st</sup> Century paradigm cultural, policy and investment shift is possible, socially and economically necessary and beneficial.

## A SILVER ECONOMY

# A silver economy what is it?

Population ageing is irreversible and irrefutable. The silver lining is that there is a remarkable opportunity if we understand adapt and innovate to grow a silver economy.



In 2010 Standard and Poors warned: *"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 aging."*

*In reality, more people earning, consuming, and paying taxes leads to more economic growth. Delaying retirement does not steal jobs; it creates them.*  
Bill Emmott  
GCOAG

The silver economy is a concept that has emerged in response to ageing demographics.<sup>1</sup> In particular efforts towards growing a silver economy is a strategic response to the plight of the public purse as ageing poses massive societal challenges to sustain care and pension systems, maintain quality of life and reduce age related inequalities.<sup>2</sup> Fostered by a range of stakeholders, including academics, researchers, technology interests, governments, the EU, OECD, World Economic Forum and representatives of older people and society, the following statement broadly defines the topic. The 2015 G20 adopted a set of 15 Silver Economy and Active Ageing Principles.<sup>3</sup> (Appendix I)

*The silver economy includes - the economic opportunities arising from the public and consumer expenditure related to population-ageing and the specific needs of the population over 50 years.*

It includes all the economic activities relevant to the needs of mature, older and older-old people and the impact on many sectors. For example, health and nutrition, leisure and wellbeing, finance and transport, housing, education and employment. It also seeks to bring together and builds on thinking about healthy ageing, the opportunity for new products and services and global investments, retention of older workers, new entrepreneurial roles in the workplace and as volunteers.

In New Zealand the silver economy is closely linked to the demographic transformation, its impact on regional sustainability, export potential and the wider economy.

Global dialogue is embracing the view that: "Population ageing is a global phenomenon that will require agile governments and businesses to ideate and introduce inclusionary age-friendly regulations and policies that protect older adults."<sup>4</sup> It is clear that: a cross sector silver economy framework provides opportunity for ageing population to be respected as producers, consumers and investors in community wellbeing.

<sup>1</sup> European Parliament. 2015 The Silver economy: Opportunities from Ageing

<sup>2</sup> [http://ec.europa.eu/research/innovation-union/index\\_en.cfm?section=active-healthy-ageing&pg=silvereconomy](http://ec.europa.eu/research/innovation-union/index_en.cfm?section=active-healthy-ageing&pg=silvereconomy)

<sup>3</sup> G20 Forum held in Turkey 2015.

<sup>4</sup> World Economic Forum 2016.

# The silver economy is the third largest economy in the world, an ageing megatrend generating massive opportunity.

*New Zealand can optimise economic development by responding to the maturation of the boomer generation demand for quality products, services and technologies to maintain a quality of longer life.*

SUPA-NZ

***Consumption is shifting towards services, reflecting two trends: heavy spending on health-care among ageing consumers in developed regions and increased spending by consumers in emerging economies.***  
McKinsey 2014.

*Consumers over 60 in China outnumber the entire population of Russia*  
UN

There is a new and growing silver marketplace that meets the quality of life challenges and demands of increased longevity, demographic structural change, and a need to improve the sustainability of public expenditure. Today's 50+ generation presents an opportunity for policy makers, entrepreneurs, innovators and investors to respond to the ageing needs of an influential more wealthy, well educated, socially conscious, green, globalised, brand conscious, loyal, technically and internet adept generation.

The importance of the silver dollar will grow as the over 50's become the fastest growing demographic globally.<sup>5</sup> Merrill Lynch claims that there are more boomers in the U.S. alone, than the combined populations of the UK, Switzerland and Israel.

Major global agencies agree on broad characteristics of the silver or longevity economy, that spans a possible 50 year market place of diverse consumer spending patterns, lifestyle and health care priorities. Increasing business innovation investment in wellbeing and care technologies are expected to significantly boost economic returns. There is consensus that silver economic development through targetted social investment will produce social and economic benefit for individuals, families, and communities.<sup>6</sup>



The silver economy is the third largest economy in the world after the US and China

- It is expected to be 52% of US and Japanese GDP by 2030's.<sup>7</sup>
- Is 60% of all US consumer spend and 73% of health care spend.<sup>8</sup>
- Is 50% of all UK spending<sup>9</sup>
- Is 25% of EU GDP and 50% of all public spending.<sup>10</sup>
- Is worth \$120b per year on travel and leisure.

<sup>5</sup> United Nations. 2015. World Population Ageing.

<sup>6</sup> World Economic Forum. 2015. *How 21<sup>st</sup> Century Longevity Can Create Markets and Drive Economic Growth.*

<sup>7</sup> Oxford Economics and NLI Research Institute 2013.

<sup>8</sup> Oxford Economics. 2013.

<sup>9</sup> AARP, Saga

<sup>10</sup> European Commission.2015.

## Why is it important?

*Population aging is not a looming crisis of the future — it is already here.*

Rand Corporation

*The "longevity or silver economy" is expected to account for more than half of U.S. economy by 2032.*

Oxford Economics.

The US Longevity Economy is responsible for nearly 100 million jobs and generates over \$4.5 trillion in wages and salaries.

Oxford Economics.

It is now clear that a silver economic development perspective is critical to both overcoming ageing doom rhetoric and assumptions of economic gloom that severely limits generational business innovation opportunity, regional sustainability and wider community wellbeing.

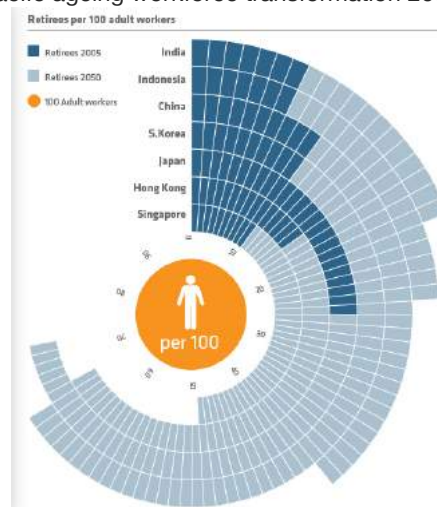
Global commentary indicates the importance of the policy environment, as Bloom, Canning and Fink note, *"The policy environment plays a crucial role in determining the effect of ageing on economic growth. The problem of population ageing is more a function of rigid and outmoded policies and institutions than a problem of demographic change per se. New policies will be needed if countries are to take account of the natural incentives individuals face to adjust their behaviour in the wake of population ageing."*<sup>11</sup>

Increasing longevity, brings further opportunities for economic, social and cultural development.<sup>12</sup> It opens up new areas for economic growth and employment as a sizable new demand and for technological innovation to enter the market place.



Population ageing will impact on the New Zealand economy's current 'ways of doing business' locally, and globally. In particular Fig.3 shows the shift in workforce numbers and the impact of super-ageing in the Asia Pacific region 2005-2050. Ageing will affect all economies and have complex global market impact.

Fig. 3 Asia-Pacific ageing workforce transformation 2005-2050.<sup>13</sup>



<sup>11</sup> <http://www.ifa-fiv.org/wp-content/uploads/2015/03/4-Implications-of-Population-Ageing-for-Economic-Growth.pdf> Oxford Review of Economic Policy, Volume 26, Number 4, 2010,

<sup>12</sup> Silver Economy. European Commision. <http://www.smartsilvereconomy.eu/related-initiatives>

<sup>13</sup> <http://www.cnn.com/2013/11/14/asias-aging-population.html>



## NEW ZEALAND'S OPPORTUNITY

## New Zealand is well placed to grow a silver economy.

*Investing in a silver economy potential is predicated on a shift in attitude that lets go past stereotypes of old age and dependency to embrace the reality of living longer and living more with meaning and purpose.*  
Carole Gordon  
SUPA-NZ

Most sectors of New Zealand society will be affected by rapid population ageing. Super-ageing includes the ageing of the sizeable boomer cohort giving rise to a projected more than triple increase in the 85+ population (83,000 in 2016 to up to 329,000 in 2046). The transformation will include a demand for well designed policies, communities, quality care and a raft of goods and services that challenge existing cultural structures of a youth centric society.

There are indications that a longer working life is becoming the norm because people seek interests, stimulation, social connectivity, and additional income, to be entrepreneurial and self determining. All have common demographic drivers: longevity, raised retirement ages, longer working lives, inheritance that increases income capacity and the spending power of older consumers.<sup>14</sup> In New Zealand, social investment through a universal superannuation income benefits the economy by creating a multiplier effect providing additional resource to families and grandchildren.

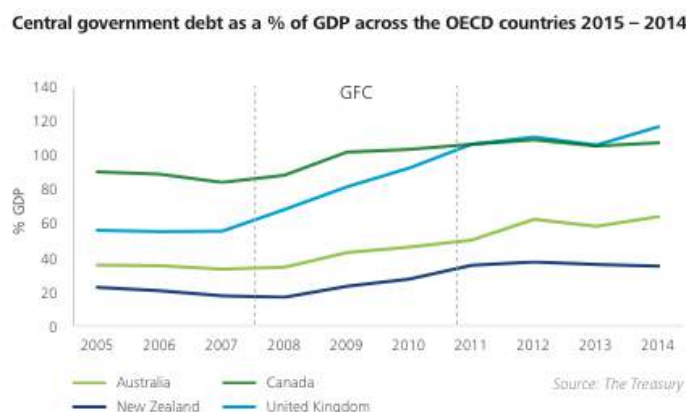
While new and enhanced consumer products, technology and services are rapidly reaching a boomer driven market reflecting an 'active ageing' spending capacity, it can be expected that there is an allied positive knock on economic activity that generates jobs, wages, productivity, taxes, volunteer activity and charitable giving.<sup>15</sup>

*I believe aging could generate the most significant economic opportunity of our lifetimes.*

*If we can successfully encourage individuals, employers and national leaders to think and act in new ways, we have an opportunity to seize the advantages of longevity and drive unprecedented growth.*  
Dr. Michael Hodin  
GCOA

New Zealand's population-ageing 'resilience' is strengthened by a lower government debt ratio than other OECD countries,<sup>16</sup> a youthful Maori population, and childcare and parental leave policies that enable women's workforce participation choice.

Fig. 4 Comparative debt ratio selected OECD countries.(Deloitte 2016)



<sup>14</sup> Merrill Lynch 2014.

<sup>15</sup> Dr. Keith Johnson. 2015.

<sup>16</sup> A recent Deloitte's New Zealand report *State of the State New Zealand 2016: Social investment for our future* notes that while New Zealand pension costs are expected to increase they are still relatively lower than that of their OECD counterparts. Treasury's estimate of 5% of GDP superannuation costs for New Zealand in 2014 was less than the average pension costs for OECD countries one year later at 9.3%."

New Zealand business and investors can capture substantial financial benefit given the spending power of mature, older and older-old consumers.<sup>17</sup>

Similar to other developed ageing nations, New Zealand's rapidly ageing population can be expected to continue to contribute to the economy.

The *New Zealand Business of Ageing Report*<sup>18</sup> 2015 projects that the silver economy will grow from \$14b in 2011 to reach NZ \$65b by 2051.

*The Asia-Pacific region will be home to 1.2 billion older people out of a total world population of 2 billion - 63% of the world's oldest people by 2050.*  
ESCAP

*How much of the second dividend is realized depends on how a society supports its older people.*  
IMF

Over recent decades a reasonably strong New Zealand fiscal floor has been structured to support an ageing population, despite not lifting the superannuation age of entitlement beyond 65 years. Universal Superannuation that is inflation indexed, human rights legislation that prohibits age discrimination in the workplace, the National Superannuation Fund, Kiwi Saver, Kiwi Bank, the Commission for Financial Capability, Treasury reporting and the Super Gold Card, all contribute to a measure of security.

New Zealand has a significant demographic global advantage from a silver economy perspective. While having a major influence on the nation's 'super-ageing,' the baby boomer cohort born post World War II makes up a large proportion of New Zealand's society. The nation experienced the first 'demographic dividend' as boomers contributed to the nations wealth through growing home ownership, families, communities and business capacity. They are expected to continue to be significant consumers and contributors influencing market demand thereby growing a second 'demographic dividend'.



photo acknowledgement Zespri Annual Report

They will expect to "matter"  
with a prospect of leading a meaningful life.

<sup>17</sup> See diagram Fig. 16 defining a new language for ageing diversity.

<sup>18</sup> Ministry Social Development. Office For Seniors. 2015.

## Silver Economy Case Story

### **Building an ongoing positive IT experience** for the mature computer and technology user in a real-time living environment in the Bay of Plenty.

Silver Service IT specialises in setting up today's new technology,  
so that people can use the computer with ease,  
including new tablets and phones.

This means, you don't need to learn how to make it work.  
It just works automatically for you, the way you would expect.



The ageing of the nation indicates an opportunity for high-ageing regions to maximise a ‘second demographic dividend.’

International trends indicate that strategic effort in growing a silver economy will offset the impact of, a decreasing working age population, a lower Government tax revenue, and the increasing costs of superannuation and health care. Treasury notes that ‘all individuals, however they generate income, can be maximisers of intergenerational wellbeing.’ The view is based on the prospect of a quality of later life that will lead to innovation, a transformation of the marketplace, with potential for fiscal health and later life income sustainability, promoting economic growth.<sup>19</sup>

From 2031 onwards, some cities, and most towns and communities in New Zealand will experience accelerated ageing.

New Zealand has super-ageing regions that have silver economic development potential. By 2043 the Thames Coromandel district is projected to have a median age of 60 years. 15 other Territorial Authorities are projected to have a median age of over 50 years. These include: Kaipara, Hauraki, Otago, Central Hawkes Bay, Horowhenua, Kapiti Coast, Carterton, South Wairarapa, Tasman, Marlborough, Kaikoura, Waimate, Central Otago Districts, and Nelson City.<sup>20</sup>

It is notable that, according to the 2013 census, particular communities and small towns such as Katikati and Omokoroa in the western Bay of Plenty already have median ages over 50 yrs.

The sizeable, politically and commercially influential boomer group born 1945-1964, now all over 50 years, will be considering how to stay well and what they might do over the next fifty years of lifespan. While some will be positioned to maximise an extended quality of life, it can be expected that some people will be socially and economically trapped in regions with poor access to essential services. Banking and postal service shrinkage are evidence of global demand for efficiencies that significantly impacts on the capacity of the older-old to manage their lives.

Over the next twenty years  
the number of people 90 years and over will increase from  
31,700 to 81,900, an increase of 157%.

In 2016 New Zealand’s population of just over 4.6 million is continuing to grow reflecting natural increase (more births than deaths) and migration. However, the rate of population growth is expected to halve to less than one percent in the 2030’s, as the gap between births and deaths narrows.

*By 2020, Asia Pacific’s ageing market is projected to reach US\$3.3 trillion, according to the 3rd Asia Pacific Silver Economy Business Opportunities Report launched during the opening of the 6th Ageing Asia Innovation Forum, Singapore in 2015.*

<sup>19</sup> Treasury . 2015. Improving The Living Standards of New Zealanders.

<sup>20</sup> Statistics NZ 2016

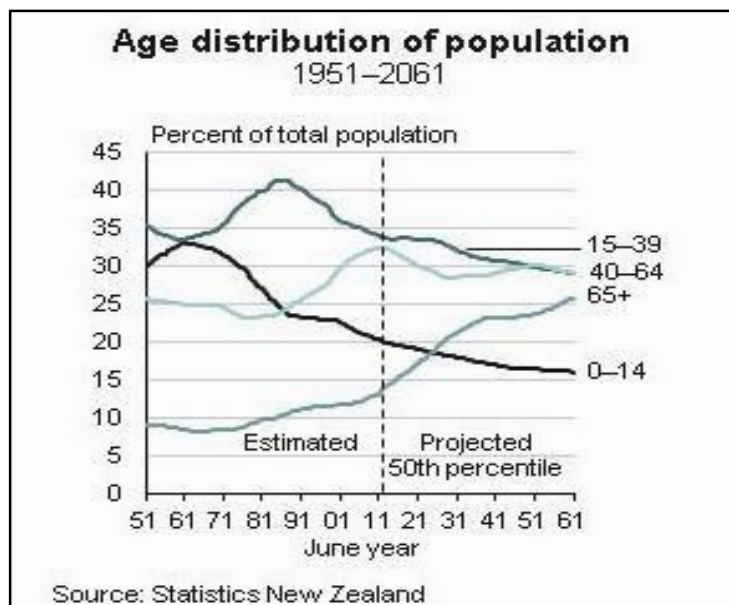
## New Zealand's population over 65 will outnumber children by the late 2020's<sup>21</sup>

*Continued economic success hinges on new paths of healthy active and productive ageing.*  
Global Coalition on Ageing 2014.

- A declining birth-rate indicates that the number of young people, 21% in 2009, is projected to reduce to 18% by 2031.
- The proportion of 65+ people, 14% in 2014, is expected to increase to 21-22% by 2032 and increase up to 26% in 2050 and potentially 32% by 2068
- By 2031 the oldest boomers will be 85 years of age, the youngest 'boomers' will become 65 years.
- People over 85 years are projected to become one in four of the 65+ population to reach from 78,000 in 2014 to up to 450,000 by 2068.

Some New Zealand super-ageing communities have more than one in three mature, older and older-old people now in 2016.

Fig.5 Growth in the New Zealand population aged 65 years and over and 85 years and over 1951- 2061.



*Boomer bulge:  
450million  
boomers were  
born between  
1946 and 1964.*

In general New Zealand women have a different a lifespan to men. They live longer, and face specific ageing health challenges, economic insecurity, living alone, and a greater burden of generational care giving. They have a lower wage threshold on which to build capacity for longevity.

**It is expected that as the population ages, increased economic activity will be generated from both:**

- the active engaged lifestyles of the ageing well and,
- the care and support service needs of the older-old.

<sup>21</sup> Office for Seniors. Young people under the age of 15 years.

## OPTIMISING A SILVER ECONOMY IN THE BAY OF PLENTY

As an influential consumer group, mature and older people will contribute \$15.62b to the Bay of Plenty economy.

This study was initiated to provide a substantive regional analysis of the 'silver' contribution to the Bay of Plenty economy 2016-2061. The methodology<sup>22</sup> included data analysis based on replicating the national modelling framework applied to the Government's, Ministry of Social Development *Business of Ageing* reporting.<sup>23</sup>

Fig. 6 Silver Economy projected growth 2016- 2061 in the Bay of Plenty region.

### The Bay of Plenty Silver Economy is projected to grow rapidly

2016 - \$2.55 B

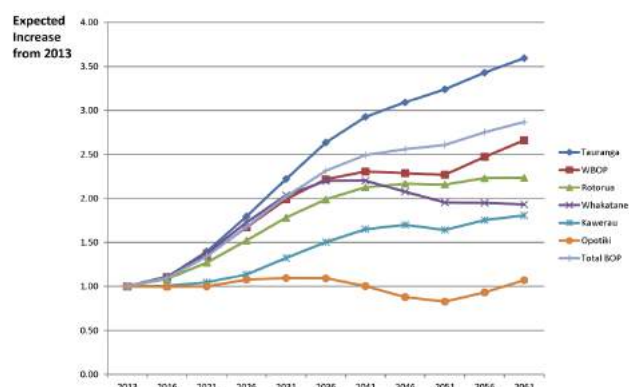
2031 - \$6.92 B

2061 - \$15.62 B

Study outcomes clearly indicate that the high growth of mature, older and older-old people living in the western Bay of Plenty contribution to a rapidly growing silver contribution to the sub-regional economy, outstripping traditional revenue streams (p 26).

Fig. 6 Growth and projected 65+ populations in Bay of Plenty Territorial Authorities. 2013-2061 NIDEA.

#### Growth trends for the populations of Older People in the Bay of Plenty Region



<sup>22</sup> The methodology included an assessment based on the 2013 Census, NIDEA demographic projections and 2015 regional labour force participation.

<sup>23</sup> The projections depend heavily on two data sources, which are considered well founded, robust and reliable: The Treasury's LTFM provides relatively detailed demographic and labour force projections to 2061 and is extraordinarily detailed for such a long- term model, and Statistics New Zealand's National Labour Force and Participation Rate Projections compliment the LTFM data to a large degree and originate from a highly reliable source.



## Older people are making a growing contribution to the Bay of Plenty Economy

As consumers and contributors 140,000 mature and older people are growing a Bay of Plenty silver economy, vital to business and community sustainability

**Mature and older people are a growing consumer group**

**2016 - \$1.04b  
2031 - \$3.34b  
2061 - \$7.45b**



**Mature and older people are a growing workforce and are initiating self employment**

**2016 - \$0.34b  
2031 - \$0.92b  
2061 - \$2.15b**



**Mature and older people are making a growing contribution as taxpayers.**

**2016 - \$0.37b  
2031 - \$0.88b  
2061 - \$1.95b**



**Mature and older people are growing as volunteers in the community**

**2016 - \$0.80b  
2031 - \$1.78b  
2061 - \$4.07b**



Based on 2013 Statistics NZ census and New Zealand Labour Force Projections 2015

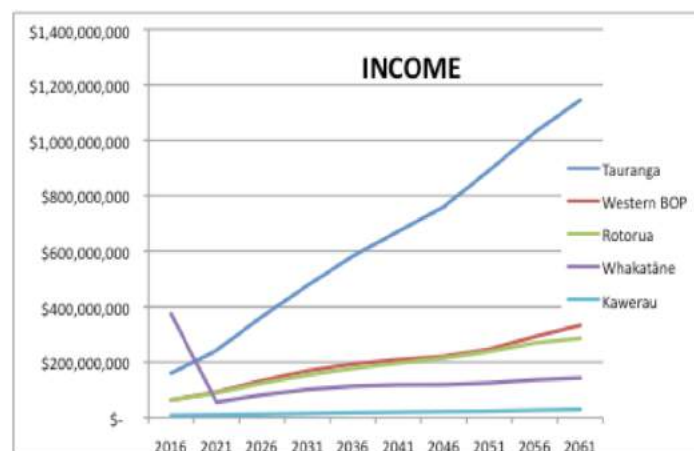
24

<sup>24</sup> Dr. Keith Johnson 2016.

Tauranga has a silver economy that will grow rapidly in coming decades.

Within the super-ageing western Bay of Plenty sub-region, the Tauranga City median age rises rapidly from 40.1 yrs in 2013 to 51.5 yrs in 2033. The Western Bay of Plenty District Council median age in 2013 was 45 years, including Katikati 50 years and Omokoroa 53 years. It is worthy to note as a comparison that Japan's median age in 2016 is 46.9yrs.

Fig. 7 Silver average weekly 65+ income and projected income Bay of Plenty Territorial Authorities



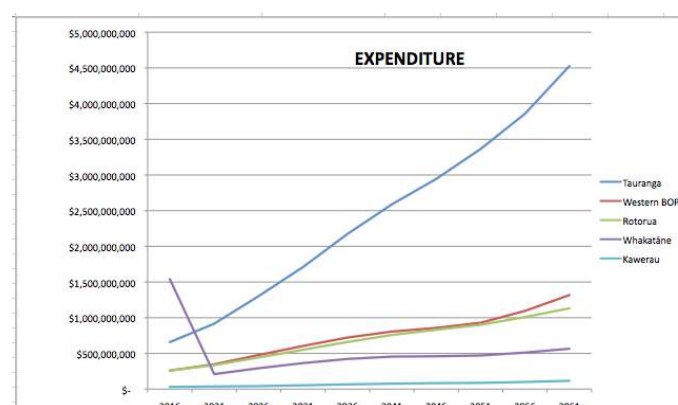
*The 50+ population controls 80% of personal financial assets and more than half of all consumer spending in markets like the US.*

Wells Fargo

Significant variations, in the demographic structure will influence the silver economic growth in the sub-regions and districts of the Bay of Plenty (Fig. 7 &). The social and economic impact of these differences can be expected to widen and exacerbate decline without silver development recognition in regional strategies and planned investment by the District Health Board, regional and local governments.

**This is a lead indicator for prioritising efforts to grow a silver platform to support social stability, generational employment, community and business sustainability.**

Fig. 8 Silver expenditure and projected expenditure 65+ by Bay of Plenty Territorial Authorities.



It is clear that the evolution of the Silver Economy will have profound impacts on the overall scale, structure and growing inequality within the Bay of Plenty.<sup>25</sup>

*An ageing economy will stagnate and become more unequal unless policy starts to change now.*  
The Economist 2014

While the technical analysis of this study focussed on the expected direct flows of dollar earning, receipts and spending generated by older people, it is important to note that these flows and the impact of accelerated ageing will also promote employment through multiplier effects and spark downstream investments.<sup>26</sup> It is also helpful to view the scale of the silver economic contribution in the BOP and NZ through comparison with other industry contributions to the economy, and to consider their market place given the impact of global ageing.

NZ currently earns \$5 billion from US meat dairy vine products.  
(Kirk Hope, CEO Business NZ Listner Nov. 2016)

Kiwifruit export earnings totalled \$1.327 billion in 2015/16.  
(Zespri Annual Report 2016)

Kiwi fruit sales are expected to earn \$4.8 billion by 2025.  
(Zespri, BOP Times December 2016)

The study suggests that given longevity and technology it can be expected that that more mature and older people will participate in a diverse workforce environment. Levels of participation are expected to “rise significantly for those in the 65-69 cohort.”<sup>27</sup> Workforce participation will increase the mature and older contribution to the economy by:

*The silver or longevity economy is upending conventional wisdom that 50+ consumers spend less. In fact they spend more than any other age group.*  
Oxford Economics.

- An increase in earnings from paid work rising from \$0.29b in 2016, to \$0.79b in 2031 and \$ 1.68b in 2061
- An increase in earnings from self-employment rising from \$0.05 in 2016, to \$0.13b in 2031 and \$0.29b in 2061
- An increase in their contribution to tax revenue and pay income tax of \$0.37b in 2016, \$0.36b in 2031, and \$0.78b in 2061, making total tax payments including New Zealand superannuation payments, investments and GST from \$0.37b in 2016, \$ 1.78b in 2031, to \$1.95b in 2061.
- Increasing their contribution and value as a volunteer workforce. Based on the 2016 ‘carer wage’ of \$16.10 per hour the value of the 65+ voluntary work is part of the silver economy reaching \$4.07b by 2061 (see page 23)
- The Western Bay of Plenty District is expected to be home to 16% of the Bay of Plenty 65+ population in 2051 with a total value of paid work of \$210 million.

<sup>25</sup> Dr. Keith Johnson 2016. Silver Economy technical report to SUPA-NZ.

<sup>26</sup> Quantifying and projecting the expected scale of such effects is beyond the scope of this study

<sup>27</sup> Johnson 2016.

## Silver Economy Case Story

### **Mature and older people are helping each other in Kawerau**



Over a hundred people attended a meeting in 2015 to talk about establishing an organisation that can save people from moving away from their friends and community and into a retirement village.

The Kawerau community has come together to look at how they can help each other because 'there is no fairy godmother' and the ageing population will expand over the next decade.

Modelled on similar international initiatives KADAP was formed as a charitable local membership organisation the cooperatively provided services and access to help to assist members stay in their own homes for as long as they wish.



Now KADAP has an organising committee and people who volunteer to fulfil tasks asked for by members needing assistance. Whilst jobs such as lawns needing mowing; windows not fitting tightly; painting; roofs requiring work and shifting furniture between houses are standard, there are the obvious cases of loneliness where a visit for a cup of tea and a chat is appreciated.

KADAP proudly has outcomes that include: an increasing membership, identifying and addressing gaps in services, memberships that can be paid weekly fortnightly or monthly to suit members, local business support, a data base and increased awareness of services available and stronger neighborhoods

The Western Bay of Plenty sub-region recognises that it typifies the global trends of urbanisation and demographic ageing.

The urbanised western Bay of Plenty sub-region is super-aging.

SmartGrowth<sup>28</sup> planning principles acknowledge the task of applying an ageing analysis to managing growth as 83% of all population growth is expected to include people over 65 years of age.

One in three people walking down the street in Tauranga City will be a mature, older or older-old person by 2030.

**The number of people 65+ in the SmartGrowth sub-region will double and grow to 52% of the total population by 2031.**

By 2031 the sub-region is projected to be home to over 73,000 people over the age of 65 years,

including a tripling of those over 85 years, from

**3,370 in 2013 to 15,611 by 2031**

**The number 85+ will double again to 2051**

Growth in health products and social care services to meet aging demand will become a major contributor to the silver economy.

**The number of mature, older and older-old people in Tauranga City will increase by 350% from 2013 to 2061**

BERL regional economic reporting<sup>29</sup> reflects the pressure of growing age-related demand for services and related workforce issues.

Around one quarter of those employed in the rapidly growing health care and social services sector, live in Tauranga City. The sector includes hospitals, medical and other health care services such as residential care and social assistance services.

<sup>28</sup> SmartGrowth is a western Bay of Plenty spatial planning collaboration between the Bay of Plenty Regional Council, Tauranga City and the Western Bay of Plenty District Council.

<sup>29</sup> BERL. 2013. Bay of Plenty Situational Analysis. BOP Regional Council.

The population ageing transformation is now evident, irrefutable and irreversible.



Infographic from SmartGrowth Briefing Paper 2016.

The ageing of the boomer generation will be a driver of innovation, productivity and wealth creation.

The Bay of Plenty region is known for the diversity of its east-west population and economic profile. Mature and older people are predominately living in the western sub-region centred on Tauranga City, with smaller town and Maori community settlements in the eastern region. NIDEA demographic analysis following the 2013 Census, indicated population growth patterns, the impact of population ageing and the relevance of “tipping points” for future population decline.

In the Bay of Plenty Regional Council report *Trends and Transitions: Population Ageing in the Bay of Plenty* 2014, Gordon noted that crucial to managing population change is the acceptance of a new paradigm reality as a basis for planning. The report notes the following considerations.

- A changing pattern of consumption and contribution.
- An opportunity business climate.
- Investment in quality of life housing and active ageing community environments.
- Managing increased service demands for health, social care and lifelong learning.
- Respecting the diversity, autonomy and dignity of old age.
- Recognising and engaging the social capital value of a mature and older population
- A critical adjustment of economic growth perspectives and managing expectations in a society with a shrinking workforce.

*Trends and Transitions: Population Ageing in the Bay of Plenty.*  
Bay of Plenty Regional Council. 2014

Congruent with global trends, BERL economic reporting indicates a vital need for local government to respond<sup>30</sup> with investment in community infrastructure such as transport, to meet the rising expectations of a growing, increasingly large, more active healthy and wealthy population.

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<sup>30</sup> Berl 2013. Bay of Plenty Situational Analysis.



## Silver Economy Case Story

### Smart-Med Robotic Pharmacy

As a pharmacist Sue Mc Arthur and her husband became excited about the potential for a robotic prescription medicine packaging system.

One that would, “drop pills into sachets, print the patients name, the administration date, time and medication details and spit out a roll of correctly packed medicine in chronological order.”

They recognised the relevant safety and efficiency for the resthome and elder care industry.

Smart-Med was born as a robotic dispensary



Sue says that the success of robotic packaging of prescription medicines is simple,

The user experience is better, administering pills to residents is safer, simpler and more efficient.

“The beauty of robotic packaging is that its much more accurate than human beings doing fiddly time consuming work- robots are easy to run and never need annual leave or days off.”

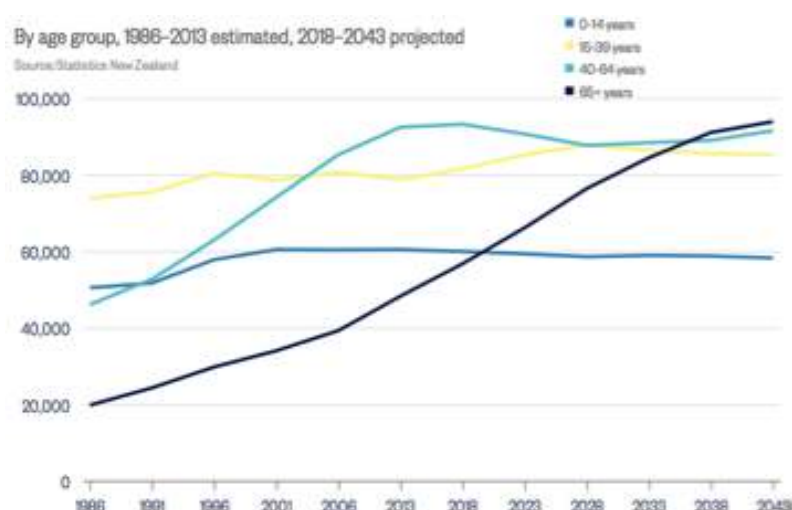


By 2061 it is projected that there will be over 140,000 people in the wider Bay of Plenty aged over 65 years. They will create localised demand.

Bay of Plenty territorial authorities are aware of the demographic implications of population ageing, however, like other regions in New Zealand, the 'richness of the silver potential' has yet to be fully realised as an outcome of an integrated approach to urban development policy, education, business innovation and economic development plans.

The trajectory of the population-ageing transformation within the Bay of Plenty region is clearly shown in Fig. 9 with limited growth projected in all age groups to 2043 and a rapidly ageing 65+ population.

Fig 9 Bay of Plenty population change 1986- 2013, estimated 2018-2043 projected selected age cohorts.(FIGNZ)



The Bay of Plenty Regional Council expects that an informed integrated response to regional growth, the environment and the challenges associated with ageing communities will provide community wellbeing, economic stability and social inclusion.

This view is reflected in the western Bay of Plenty through SmartGrowth,<sup>31</sup> a collaborative spatial planning approach to managing growth between Tauranga City Council, Western Bay of Plenty District Council, the Bay of Plenty Regional Council and Tangatawhenua. SmartGrowth is committed to understanding population change as a primary influence driving settlement patterns. Investment in new effort to build livable communities and lifetime neighborhoods will create opportunity for older and younger people to become 'critical intergenerational actors' in localized sustainable development. The Bay of Plenty District Health Board is proactively responding to the high demand for services through improved integration of primary health delivery and resource allocation to home care services.

<sup>31</sup> SmartGrowth <https://www.smartgrowthbop.org.nz/about-us/about-smartgrowth/>

Despite recent investment in and reporting on economic development and demographic structural analysis in the Bay of Plenty, a silver economy perspective on the growth of an “ageing service sector industry” is not yet included in the BOP Regional Council Bay of Connections economic development strategy. Neither is it flagged for Callaghan innovation investment, nor noted in the MBIE Bay of Plenty Regional Growth Study 2015 Report, or is the service sector recognised as the largest employment sector in the Bay of Plenty Tertiary Plan.

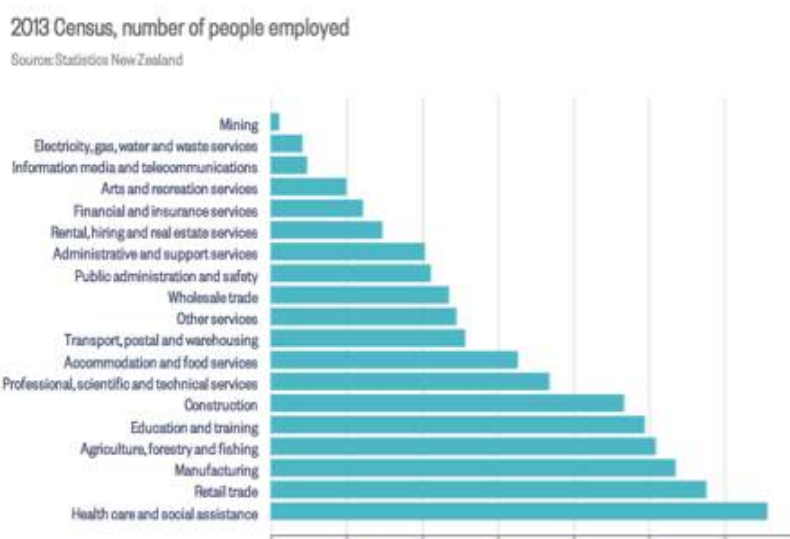
The health and social care service sector is the largest employment sector in the Bay of Plenty, including being the highest employment sector for Maori.

There is significant growth of Maori, Pacifica and mature women working in the health care service sector. This is coupled with lower earning capacity and fewer occupational advancement opportunities, despite a highly predictable unprecedented continuing growth in demand for comprehensive home based services over coming decades.

The Bay of Plenty region has the third highest level of health service industry investment in New Zealand.

The number of retirement villages is growing in the western Bay of Plenty region particularly in Tauranga City. Thirty two rest home care facilities require an allied business supply chain contributing to a local, national and international silver economies. The elder care industry has not yet been included in the Bay of Connections regional development strategy. However, local businesses such as cafes, travel centres, supermarkets and pharmacies can be observed as adapting to the concentration of older-old consumer needs. An age-friendly small business award scheme has stimulated awareness of the mature and older shopper service needs in a Tauranga suburban shopping centre.<sup>32</sup>

Fig 10 Employment Industries in the Bay of Plenty.  
Source Statistics. NZ Figure NZ



<sup>32</sup> SUPA-NZ initiated an Age-friendly Small Business Award in 2016. It is operated by an Age-Friendly Social Audit team of trained Elders.

## Silver Economy Case Story

*Boomers are the most valuable generation in the history of marketing and they are too valuable to ignore.*  
Neilson

### SHOPMOBILITY

#### INCLUSION OF ALL PEOPLE IN THE COMMUNITY



More stores are becoming SHOPMOBILITY friendly, with Mart Carts available for customers to use. The Mart Cart experience is increasing in popularity with stores and customers because it increases shopping independence. People are now able to access a Mart Cart and go shopping in more supermarkets and stores. A new directory will assist the community to locate stores that have Mart Carts.

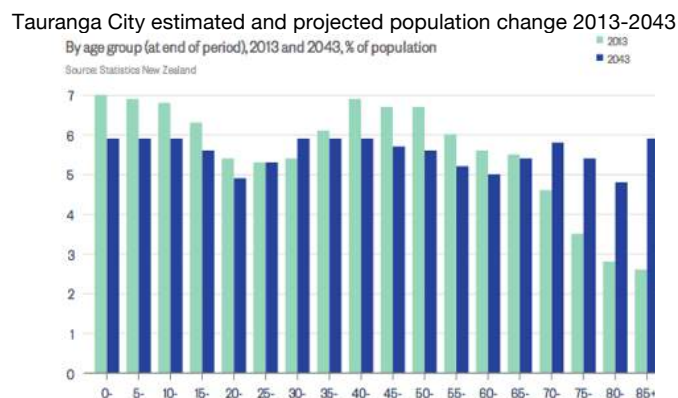
Enquires contact: **More info:** Call Gary- Mart Carts NZ 0508 726 6837



Embracing a silver economy perspective provides opportunity for an ageing population to be respected as producers, consumers and investors.

It is timely for a broader conversation on Bay of Plenty social and economic development investment, given that 83% of all population growth is projected to be people over 65 years of age. Many people now live in predominately ‘silver’ Bay communities, some peppered with retirement villages in the western Bay of Plenty sub-region, where the proportions of older people are more than double the national average and already above those of Japan, the world’s oldest nation.

Fig. 11 Tauranga City estimated and projected age distribution.  
Source Statistics NZ, Figure NZ.



While super-ageing will continue in western Bay of Plenty communities, eastern bay communities face a ‘hollowing out’ as rural centres age due to migration and a lower growth threshold, despite a more youthful (34% under 15yrs) and prospective Maori workforce. This study and demographic data clearly indicate the opportunity for local community boards, territorial authorities and economic development agencies to progress focused investment in growing a silver economy.

SmartGrowth sub-regional spatial planning recognises a value for “building communities” and the role of social sector provision of social care services to a growing and increasing older population. Similarly the Bay of Plenty Regional Council initiated planning processes to provide for disparities, changing climatic conditions, infrastructure efficiencies, and population growth patterns that include migration and rapid ageing. Reporting notes: “A response to the ageing population has to be co-ordinated and must broaden its focus beyond the more obvious economic implications – encompassing new approaches to health, housing and transport.”<sup>33</sup>

Changing the conversation and changing action investment is a protracted political process. However, a BERL report warned that: “Failure to respond to these changes will have negative consequences for the region—including labour and skills shortages, falling productivity and disparities in health and wealth”<sup>34</sup>

<sup>33</sup> BOPRC 2010.

<sup>34</sup> BERL. 2013. Bay of Plenty Situational Analysis

## Silver Economy Case Story

### TRUSTPOWER AWARDED AGE-FRIENDLY CUSTOMER SERVICE ACCREDITATION



Energy and Resources Minister Hon. Simon Bridges and Trustpower Chief Executive Vince Hawkesworth with Carole Gordon SUPA-NZ National Convenor at the Age-friendly Accreditation Award ceremony.

Trustpower is the first New Zealand company to be awarded an age-friendly customer service accreditation. A Social Audit team of Elders assessed services and recommended improvements including a redesign of bill statements.



Steve Merchant Service Delivery Manager at Trustpower said:

“ It made us really think about how we take what we learnt into our future business planning process. We would thoroughly recommend companies go through the SUPA-NZ accreditation process.”

LONGEVITY HAS A SILVER LINING



## Global ageing is one of the greatest transformations of our time.<sup>35</sup>

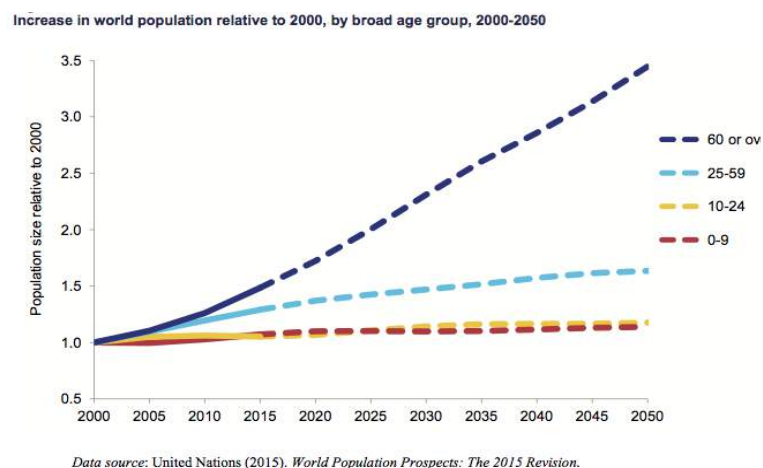
Population ageing is 'creating an imperative for reframing policy and cultural change'<sup>36</sup> to maximize the social capital of older generations, because a silver lining is possible.

Global population ageing, increasing longevity and the rapid ageing of nations, cities, towns and communities is stimulating a rethinking of conventional views on active purposeful ageing and social cohesion.<sup>37</sup> Longevity is a major, first time in human history success story, with 450 million more people turning 65 over the next twenty years<sup>38</sup>.

The world will have 13 super-ageing societies by 2020.<sup>39</sup>

The phenomenon is universal, driven by declining birth rates and more people living longer.

Fig 12 Increase in world population by age cohort 2000-2050



*Population ageing is poised to become one of the most significant social transformations of the twenty-first century.*  
United Nations

*Europe is the 'oldest' continent*  
UN

*The global population 65+ of 600 million in 2015, is expected to double in 20 years and rise to 2.5 billion by the end of the century*  
UN

By 2020 13 European countries will join the super-aged club of Japan, Italy and Germany. They include the Netherlands, France, Sweden Portugal, Slovenia and Croatia. By 2030 they will be joined by 34 countries including Hong Kong, Korea, USA, UK and New Zealand. Japan currently leads European and Asian Pacific nations with the highest numbers of older and older-old people aged over 60. China is the most rapidly ageing country in the world.

The global face of ageing is expected to accelerate with 42 countries reaching proportions over 30%. This world wide ageing trend will impact on trading relations, the workplace, the sustainability of cities and regions and the wider New Zealand economy, as virtually every country experiences significant ageing growth over coming decades.

<sup>35</sup> Bank of America Merrill Lynch. 2014. Silver Dollar: Longevity Revolution Primer.

<sup>36</sup> OECD 2014

<sup>37</sup> European Commission. 2015 *Ageing Report*.

<sup>38</sup> Global Coalition on Ageing 2016.

<sup>39</sup> Moody's 2014. [http://www.moody's.com/viewresearchdoc.aspx?docid=PBC\\_173599](http://www.moody's.com/viewresearchdoc.aspx?docid=PBC_173599)

Innovation is driving a new silver market place. The global silver economy is expected to reach US \$15 Trillion by 2020.<sup>40</sup>

The potential for a silver economy is predicated on the opportunity for an improved quality of later life, of living longer and living a more meaningful and purposeful later lifestyle. It is based on the global impact and power of an ageing demographic (see Fig 12) From an economic perspective, an older population is one that typically consumes rather than saves.<sup>41</sup> The view recognises a lifestyle impact on a breadth of sectors including health, nutrition, pharmaceuticals, urban planning, transport, financial systems, housing, education, tourism, leisure and the elder care industry.

Evidence of new markets with potential global footprints include, independent living smart homes, autonomous vehicles, tourism and leisure, robotics, health and wellbeing products and services, and specialised medical devices.

*In the last 20 years people all over the world have, on average, gained 6 years of life expectancy.*  
UN

**A European Parliament Silver Economy Briefing in 2015<sup>42</sup> highlighted the power of the global market with a worth of \$15 Trillion by 2020.** The Silver Economy accounts for 25% of GDP or about 50% all EU public spending. The briefing noted a purchasing power of \$316 Billion in Germany. It included a need to progress action to enhance:

- The built environment
- 50+ employment
- Lifelong learning
- Tailored goods and services
- Preventative healthcare, such as new technologies, health monitoring, smarthomes, driverless vehicles and care robots.

The European Commission has structured a member nation strategic plan for growing a silver economy.<sup>43</sup> The scope includes:

- Money spent by consumers, companies, and government on products, services and activities as people age.
- Employment, personal income and corporate paid taxes and other macroeconomic multiplier benefits.
- Productivity increases from changes that integrate the physical capabilities and behaviours of workers 50+.
- Value creation by entrepreneurs 50+.
- Tangible and intangible benefits of retaining older skilled workers.

*The Asia Pacific region was home to 486 million people over 60 years of age in 2013.*  
IMF.

**An Asia Pacific Business Forum in Singapore 2015 estimated silver growth in the region to exceed 3.3 trillion by 2020.** The key markets identified included: Integrated Elder housing that includes healthcare, wellness and healthcare programmes to support active ageing and assisted living technologies for independent living or ageing-in-place.<sup>44</sup>

<sup>40</sup> Merrill Lynch. 2014. Silver Dollar: The Longevity Revolution Primer: Actions to grow a silver economy.

<sup>41</sup> The Economist. 2011. A Silver Opportunity? Rising longevity and its implications for business.

<sup>42</sup> European Commission. 2015 *Ageing Report*.

<sup>43</sup> [http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/scaling\\_up\\_strategy.pdf#view=fit&pagemode=none](http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/scaling_up_strategy.pdf#view=fit&pagemode=none)

<sup>44</sup> European Commssion. 2015. Growing the Silver Economy in Europe.



## International Case Story

### **Many companies can thrive in hyperaging societies**

by identifying new customer segments among seniors and developing novel products and services to help them.

In Japan, Tokutake's line of Ayumi shoes, for instance, are designed not only to combat knee and hip pain but also to help prevent users from slipping and falling. Unlike conventional shoe retailers, the company allows customers to order right and left shoes separately.

McKinsey 2015



### **Many cities are becoming age-friendly as a strategy for social and economic sustainability.**

Akita in Japan has heated city streets to enable older people to be part of city life and to avoid falls.

## Older persons are becoming an engine for economic growth

Bank of America Merrill Lynch 2014.

Baby-boomers control over 80% of personal financial assets and more than half of all consumer spending in markets like the US.<sup>45</sup>

Given that the 65+ population is growing twice as fast any other age group except the 80+ segment, the Economist Intelligence Unit concluded from a 2011 global survey of business leaders, that companies have two major challenges: firstly the reducing work force and secondly new business opportunity. The survey found that business considered healthcare and pharmaceuticals, leisure, tourism and financial services as the top industries for investment, while recognising a value for innovation research and development.<sup>46</sup> Similarly Bank of America Merrill Lynch 2015,<sup>47</sup> highlighted the silver potential for economic growth with investment opportunity in:

- Pharmaceuticals
- Health care- dementia, cancer, cardiovascular. hearing aids,
- Financial services, insurance and wealth management
- Consumer industries
- Travel and leisure
- Marketing and media.

*There are more people over 60 years in China than the entire population of Russia.*

The American Association of Retired People (AARP) highlights nine areas of opportunity for businesses looking to target the older health market.

Joe Coughlin of the MIT Age-lab sees the future as gray, small (family size) and distinctly female he forecasts in his paper on Disruptive Demographics<sup>48</sup> a need to to acknowledge a cultural shift and rethink everything about 'retirement'; that **the home is now the prime location** (not institutions). That markets should focus on gadgets, and the "Internet of Things" such as imbedded body sensors. Stressing innovation, he claims that women will become influential market players.

*Entrepreneurship In the US people in their 50's and 60's start businesses at twice the rate of those in their 20-30's.*

Developed world nations show similar age related consumption patterns because people 50+ have embraced technology, and have accumulated more wealth and education than their predecessors. The developing world is ageing with different dynamics. The importance of the US 7.1Tr silver dollar (2014)<sup>49</sup> and accelerating ageing Asian growth in China and Korea, is stimulating an unprecedented global opportunity for innovation.

*In the UK over one quarter of new start ups were people over 60 years.*

However chronological age related diversity is a global social reality. There are those with wealth and independence, some who are conservative or frugal consumers, and those who have income dependency or costly chronic health conditions.

Europe has a silver health initiative for scaling up responses to aged wellbeing.<sup>50</sup> A 'new' 21<sup>st</sup> century approach is reflected in the WHO *World Report on Ageing and Health* 2015. The report informs action given that 44% of the world's population will live in relatively aged countries by 2050. The Report shifts the action goalposts from a medical intervention model to one that includes social investment in enabling environments for maintaining wellbeing in a context of rapid ageing.

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<sup>45</sup> Wells Fargo. 2015

<sup>46</sup> The Economist. 2011. *A Silver Opportunity? Rising longevity and its implications for business.*

<sup>47</sup> Merrill Lynch

<sup>48</sup> Joe Coughlan 2014. *Disruptive Demographics.*

<sup>49</sup> Euromonitor 2014

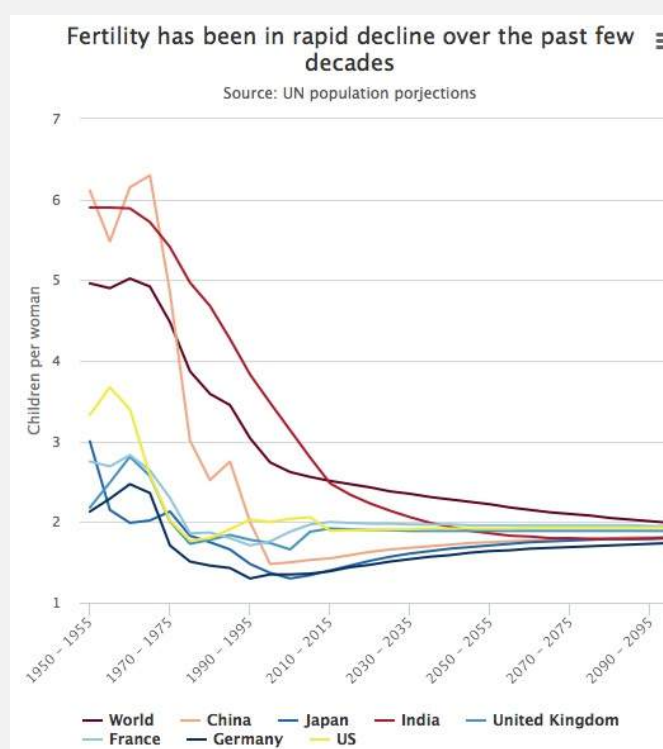
<sup>50</sup> [http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/scaling\\_up\\_strategy.pdf#view=fit&pagemode=none](http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/scaling_up_strategy.pdf#view=fit&pagemode=none)

*“There are now more walkers and wheelchairs than baby carriages in parts of Europe.”*

Joe Coughlin

**For some decades a raft of international agencies, such as WHO, IMF, UN, OECD have initiated global forums to lead thinking and policy action given the impact of population ageing – fertility decline and increased longevity.**

Fig.13 Global fertility decline selected countries.



The emphasis has included:

- Restructuring policy frameworks
- Health investment
- Community based urban development including programmes such as active ageing, and age-friendly cities initiatives to ensure socio-economic integration of older people.”
- Silver industry investment to maximise the global opportunity demand.

<sup>51</sup> WHO, Active Ageing Strategy.

## A 21<sup>st</sup> CENTURY PARADIGM

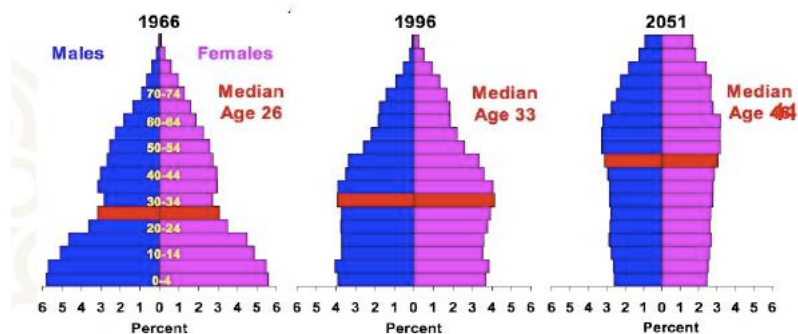
*Boomers are the most valuable generation in the history of marketing and they are too valuable to ignore.*  
Neilson

The Silver economy is a new path to economic growth that can be achieved through positive synergies across policies.

The value of older New Zealanders to the economy is largely overlooked, despite their vast social and investment capital, family and community giving, or contribution as the highest 65+ workforce in the OECD. Conventional socially constructed views of ageing have included perspectives of decline, disability and dependency, viewed as synonymous with retirement, of withdrawal as a limiting process of engagement and often ability. This now outdated stereotype remains. An urgent cultural reimagining is needed to adapt to an asset based citizens approach ( Fig. 17) to a 21<sup>st</sup> century of living longer and living more lives.

A demographic transformation has occurred.  
A business as usual approach is no longer relevant.

Fig. 14 New Zealand Demographic change 1966- 2051



*21<sup>st</sup> Century demography demands a new outlook of ageing populations as drivers of economic growth and innovation.*  
OECD-GCOA

**International commentary is clearly expressing an urgency for nations to respond to the ‘social capital opportunity aspects’ of the demographic structural transition.**

It indicates a need to recognise that maintaining outmoded perspectives of a dependant, disengaged ageing population, some living the highly marketed life of ‘unlimited leisure’ in a retirement resort community, is a now a significant barrier to growth.<sup>52</sup> 12.4% of 75+ New Zealanders live in a retirement village while 87.6% live in the community.

The view claims that a ‘business as usual’ approach to national, regional social, economic and education policies based on monetary policy, infrastructure, trade and industrial capacity are a high risk platform.

Two thirds of New Zealand’s ageing regions are facing decline.<sup>53</sup> Overlooking the global and localised demographic transformations and the crucial opportunity for building liveable communities,<sup>54</sup> social entrepreneurship, intergenerational betterment, lifelong education, civic engagement, international market opportunity and silver generated prosperity misses the ‘demographic dividend,’ and is now widely considered as just not fiscally smart.<sup>55</sup>

<sup>52</sup> Global Coalition on Ageing 2014

<sup>53</sup> Jackson, J. 2016. *Irresistable Forces: Facing up to demographic change*, in Spoonly 2016 *Rebooting the Regions*. Massey University.

<sup>54</sup> Metlife Foundation. 2009. *A Blueprint for Action: Building Liveable Communities for All Ages*.

<sup>55</sup> World Economic Forum 2015

The key to sustaining and driving economic growth lies with the over 60 population<sup>56</sup> as it grows faster than the diminishing working age-population.

Consumer and workforce patterns will change according to engagement in an active ageing lifestyle, social and cultural desires, and the influence of health and disability status. As consumers, mature, older, and older-old people tend to spend on basic living items similar to other age groups. They need a haircut, toothpaste, meat, milk, bread and butter, run a car, pay rates and support their families. They are known to purchase more travel, spend on the home environment, on home maintenance, pharmaceuticals, recreation, culture, health and nutritional supplements. Increasingly it is expected that they will seek financial services, and specialised health care. They are known to be big buyers of goods for grandchildren. Increasingly, boomers are expected to continue to spend on technology, designer home, food, and fashion goods, including highly marketed new items that engender youthfulness such as leisure activities, designer clothes, face creams and 'Fitbit.'

*Older people have much to offer, including their accrued knowledge, stability, unique creative capacities for synthesising problem solving and increased ability to manage conflicts and take the perspectives of other age groups into account.*

John Rowe

Given current workforce participation trends in New Zealand and the Bay of Plenty, it is anticipated that a growing number of older people are likely to be engaged in paid work or to be self-employed. The most recent participation rates, (median/central estimate, December 2015) show that the 65+ participation in the workforce is likely to rise through to 2056.<sup>57</sup> It can be expected that participation rates may increase due to labour shortages, employer attitudes and workplace environmental change that values the skills, knowledge, and reliable contributions of older workers.

Growing global evidence indicates that social factors such as building strong social capital and community 'attachment' are influencing improved quality of life outcomes according to McMillan 2016,<sup>58</sup> resulting in higher rates of GDP growth. Community engagement processes have potential to identify key drivers for building liveable communities<sup>59</sup> and lifetime neighbourhoods<sup>60</sup> for sustaining rural Bay of Plenty communities, local business and young peoples confidence.

There is a case for focussed 'impact of population ageing' public engagement, on health, education, social services and elder care, to foster strategic social and economic investment in Bay of Plenty communities. This process provides a first step in a strategic approach to social investment. A comprehensive review of key priorities identified in the Social Investment model (Fig 17 ) that collaboratively engages high level stakeholder representation can vitalise and secure collective understanding and intersectorial confidence and commitment to structural change.

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<sup>56</sup> Merrill Lynch. 2014.

<sup>57</sup> Johnson 2016 suggests that there may be a slight fall after 2036 due to demographic shift.

<sup>58</sup> Rachael Mc Millan in Rebooting the Regions 2016.

<sup>59</sup> A Liveable Community - Great neighborhoods for all ages, one that is safe and secure, has affordable and appropriate housing and transport options and has supportive community features and services. These resources enhance personal independence; allow residents to age-in-place; foster residents' engagement in the community's civic, economic and social life.

<sup>60</sup> Lifetime Neighbourhoods UK.

It is clear that government at national and local level is responsible for nurturing and promoting older people's social and economic contribution by strategic policy alignment that:

Applies an 'ageing lens' to policy and practice.

Becoming 'age friendly' is about adopting a particular 'lens' through which to view policies and services. The UK Local Government Association recognises the imperative for systemic change. "Local government is well placed to shift focus to valuing the contribution of mature and older people and supporting their civic rights."<sup>61</sup> UK effort is based on an active citizenship model that embraces an 'asset' or 'strengths- based' approach as opposed to the dominant deficit models of ageing.

The following charts illustrate the paradigm shift that we in New Zealand and the Bay of Plenty can adopt to reframe attitudes and policy.

Fig.15 Deficit to asset change model.

Deficit approach	Asset approach
Starts with deficiencies and needs	Starts with <b>assets</b> in the community
Responds to problems	Identifies <b>opportunities and strengths</b>
Provides services to users	Invests in <b>people as citizens</b>
Emphasises role of agencies	Emphasises the <b>role of civil society</b>
Focuses on individuals	Focus on <b>communities and neighbourhoods</b>
Sees people as clients and service users	Sees people as citizens and co-producers as <b>something to offer</b>
Treats people as passive and 'done to'	<b>Helps people to take control</b> of their lives
'Fixes people'	Supports people to <b>develop their potential</b>

A citizen-based policy approach is one that well illustrates community asset benefits. It concentrates on looking at the expertise and capacity that people have within themselves and their communities, and includes measures to support or maximise social capital, improve quality of life,<sup>62</sup> together with removing barriers to participation and inclusion.

Fig. 16 Citizen-based policy change model.

	Citizen-based policy approach	
Medical	Care	Citizenship
Patient	Customer	Citizen
Focus on individual	Focus on individual family and informal networks	Focus on neighbourhood and city
Clinical intervention	Care interventions	Promoting social capital and participation
Commission for 'frail elderly'	Commission for vulnerable people	Age-proofing universal services
Prevention of entry to hospital	Prevention to delay entry to care system	Reducing social exclusion
Health (and care system)	Whole system	Changing social structure and attitude

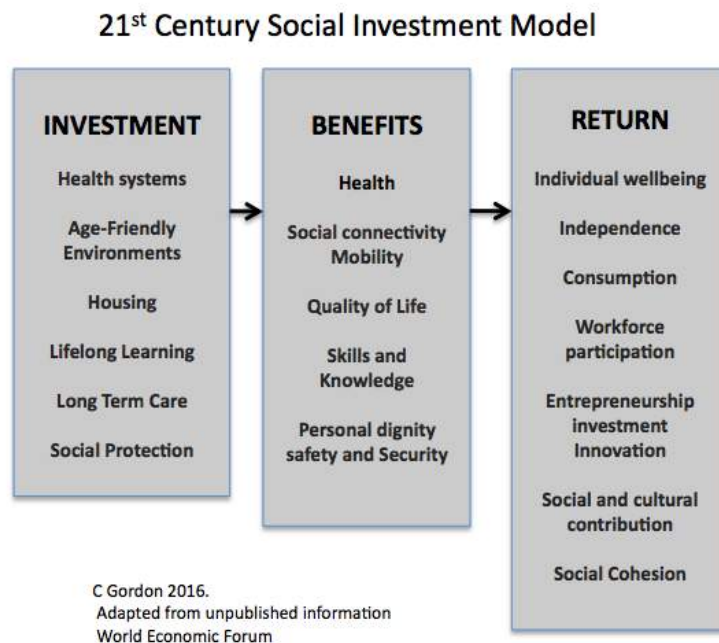
<sup>61</sup> UK Local Government Assoc. Report: Ageing: A Silver Lining 2016.

<sup>62</sup> NZ Treasury has developed a quality of life model that includes building social capital.

A social and economic demographic ‘tipping point’ occurs in 2031, as the oldest New Zealand boomers reach 85 years and the youngest turn 65.

The World Economic Forum notes: “A fourth industrial revolution is taking shape: it should fundamentally enhance the health and wealth of older people. Older people are a valuable and productive economic resource, they should not be stifled by outmoded public policies.” The Forum’s case is a range of powerful social justifications for devoting public resources to the challenges ageing brings. The international Monetary Fund advocates: “**Social Investment is about investing in people, policies designed to strengthen people’s skills and capacities**” to support them to participate fully in employment and social life. In a New Zealand context, Deloitte suggests that: social investment can be defined as government activity undertaken on the basis of a return on investment justification.

Fig. 17 A 21<sup>st</sup> Century silver economic social investment model



New Zealand Treasury has established a Social Investment Unit, with a vision of “*Improving the lives of New Zealanders by investing in services we know work and managing the longer-term costs to Government.*” The initiative is based on a Deloitte NZIER report addressing investment to overcome Government’s future ageing population costs.<sup>63</sup> Contrary to international silver economy perspectives that improve ‘boomer’ wellbeing and reduce ageing dependency, three place-based projects are underway aligned to long term investment in “vulnerable” young people 0-12yrs which is also socially just. Treasury defines social investment as: “*Social Investment is about improving the lives of New Zealanders by applying rigorous and evidence-based investment practices to social services.*”<sup>64</sup>

<sup>63</sup> Deloitte, NZIER 2016. *State of the State New Zealand 2016: Social Investment for our Future.*

<sup>64</sup> <http://www.treasury.govt.nz/statesector/socialinvestment>



# Active meaningful ageing is the platform for wellbeing and economic growth.

*Little can be done to alter the demographic future, but much can be done to ensure that policies are fit for purpose.<sup>1</sup>*  
AARP

While population ageing challenges are unprecedented so are there unprecedented opportunities to unlock the vast silver social capital as a means to maximise the 'longevity dividend'. Super-ageing nations such as New Zealand, and its super-ageing regions have potential for a second stage demographic dividend<sup>65</sup>. Progressive shifts in political awareness, cultural narratives and business innovation will yield a growing prospect for jobs, product, services and technology uptake. The boomer group now aged over 50 to 70 years can be expected to influence values, aspirations, market demand and political agenda as they proceed through maturity to later life.

The New Zealand Business of Ageing report<sup>66</sup> projects a growing contribution to the national economy with a potential silver economic value of \$65 billion by 2051.

Change to meet the aspirations, productivity and creativity needs of a meaningful longevity requires urbanisation of lifetime neighborhoods that provide access to community amenities, education, and essential services such as transportation, localised and home-based health care.

A focus on understanding the wider implications of localised demographic structural change is critical to a 'spirit of opportunity' view of population ageing and actions that:

- Optimise timely resource allocation
- Mobilise community initiatives
- Generate social cohesion
- Generate innovative business responses.

Fig. 18 Change model for silver economic development.



<sup>65</sup> The first dividend relates to fewer dependant young people as births decrease. The second relates to the harnessing of the growing number of mature and older peoples asset base as workers, consumers and investors in the market place.

<sup>66</sup> MSD 2015. more mature and older people as consumers, and a continuing increase in participation in the workforce, paid and voluntary,

*If you associate enough with older people who enjoy their lives, who are not stored away in any golden ghetto, You will gain a sense of continuity and of the possibility for a full life.*  
Margaret Mead.

Informed public understanding will vitalise younger generations to proactively generate and maximise the extraordinary silver economy business opportunity and hope for their future social and economic well being.

Sustainability challenges for business, will mean specific product realignment to the mature and older market and a focus on investment in industries that have silver market returns. Labour shortages will give rise to workforce policies that incentivise flexibility, age-friendly workplace environments and an emphasis on reskilling. The WHO has linked wellbeing and economic advantage, emphasising that: *“Societies that adapt to the changing demographic can reap a sizeable longevity dividend and will have a competitive advantage over those who do not.”* Dr Margaret Chan Director General of the World Health Organisation.

New Zealand’s regional economic development reports have yet to recognise the social and economic impact of high ageing communities, or silver economic growth innovation potential.

Regional economic development and tertiary education reports are overlooking the untapped capacity of elders to contribute as:

- Consumers and taxpayers
- Care-givers
- Leaders for solving social problems
- Supportive in intergenerational relations such as education
- Entrepreneurs and business investmentors
- Workers with skill and knowledge

*A farsighted view would see health spending as an investment in an economic engine. It allows seniors to contribute economically by remaining healthy and productive. Spending on health is an investment that fuels growth and innovation.*  
CEO Pfizer

Reporting misses the significant potential for local and global demand for new products or service innovation as a strategic investment in building a silver economy as part of sustainable regional development and the role of upskilling and learning as an investment in wellbeing. **Simply, the view shaft avoids seeing and respecting an ‘upside to population ageing.’<sup>67</sup>**

There is ample global evidence today that demonstrates an optimistic view where technology and markets are responding to population ageing with amazing success. The opportunity discourse now defines an economic climate where individuals, corporations, and governments find new, smarter ways to live work and prepare for a future with more people living longer and living more as consumers and contributors.

A transformative shift in cultural, economic and political attitudes is regarded as central to sustaining future stability.

*“It will need to transcend outdated ways of thinking about ageing, foster a major shift in how we understand ageing and health, and inspire the development of transformative approaches.”*

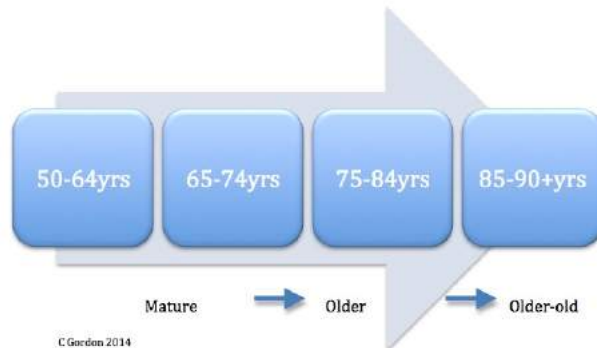
WHO 2015

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<sup>67</sup> Milken Institute 2014

Fig. 19 Longevity age segmentation language model

**Ageing Continuum: Age segment market and policy diversity**



*Virtually every country in the world will experience a substantial increase in the size of the population aged 60 years or over between 2015 and 2030.*  
United Nations

The chronological age segmentation model Fig. 19 illustrates a wider frame for redefining longevity and generational diversity. It includes a two part boomer segment reflecting growing evidence of difference within the 20 year cohort. The ageing continuum illustrates the context of language use as a powerful influence on policy and culture for longevity.

The model also shows the inadequacy of 65+ “elderly” labelling for a 40 to 50 year period of lifespan and the fallacy of using such assumptions for policy positioning. It is framed to indicate an urgency for responsible language use to frame a longevity policy response. Terms such as “the elderly” invoke past monolithic assumptions of aged decrepitude, while use today fails to reflect a breadth of individualised ageing diversity. The term fails to respect both compassion for frailty or for the active ageing productive older person contributing to family, community and economy.

Redefining an “ageing language” is a vital platform for reframing policy, business and marketing initiatives within a silver economy social capital investment perspective.

It is a key cultural platform for inclusive adaptive learning, innovation, continuity and change.

Fig. 20 Virtuous circle relationship between social capital, learning and innovation.<sup>68</sup>



<sup>68</sup> Simon Biggs, Laura Carstneson, Paul Hogan. Social Capital, Lifelong Learning and Social Innovation. 2012. In *Global Population Ageing: Peril or Promise*. World Economic Forum.

A paradigm shift to active aging in age-friendly urban environments is congruent with the political shift to provision home based social care as an ageing-in-place cost efficient imperative.<sup>69</sup>

The conceptual framework for growing a silver economy is built on a clear recognition that: the twentieth century model of work and retirement is no longer the basis for economic growth. Lower birth-rates and increased longevity shifts the proportion of mature and older people thereby influencing a decrease in the working age-population. It means that economic calculations based on 'traditional' young-old dependency ratios are no longer relevant.

Few would have predicted that China would position ageing high on the 2016 G20 leadership agenda.<sup>70</sup>

Definitions of a silver economy reflect aspects of consumer and contributor engagement that changes overtime according to physical and mental agility. While an active older person creates economic activity as an integral part of their lifestyle, frail and older-old people create care demands, leading to pharmaceutical and medical intervention products, technology and service development. Efforts to solve the physical and mental affects of ageing is a growing field of 'silver' investment with high expectations of breakthrough technologies, smart homes uptake and robotic elder-care services.<sup>71</sup> According to the OECD, this creates an economic imperative for social, organisational and technological innovation underpinned by policy reform and profound cultural change.

The debate includes a need for government and local government to work across portfolios to produce integrated publically well understood initiatives.

The Ministry of Social Development, Office for Seniors commissioned a Neilson study of NZ attitudes to ageing and older people. The report, released in August 2016 notes that attitudes have a major influence in efforts to meet the population ageing challenges and opportunities that the nation faces. The research showed that overall there is a high respect for older people and their value to society. However, the study indicated that participants had little awareness the demographic transformation or the real and rapid increase in the number of older people in New Zealand. It can be assumed similarly there is limited understanding of the that the impact of global ageing, and its impact on key commodity export markets.

New Zealanders are not confident that New Zealand is prepared for its ageing population.<sup>72</sup>

*Public spending, especially on health, plays an important redistributive role and provides significant support to consumption in old-age, especially in high-income countries.*

<sup>69</sup> The World Health Organisation (WHO) defines an 'age friendly' community as: "a community... that encourages active ageing by optimising opportunities for health, participation and security in order to enhance quality of life as people age."

<sup>70</sup> World Economic Forum. 2015. *How 21<sup>st</sup> Century Longevity Can Create Markets and Drive Economic Growth*

<sup>71</sup> [http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/scaling\\_up\\_strategy.pdf#view=fit&pagemode=none](http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/scaling_up_strategy.pdf#view=fit&pagemode=none)

<sup>72</sup> A key finding from the Neilson research 2016 commissioned by MSD Office for Seniors.

## Are we prepared for tomorrow's complex longevity challenges?

Maximising a silver economy potential is closely linked to a capacity for change in business and community environments.

*The driverless revolution must be about more than innovative technology; it must be about change at a system-level. By planning with the aging population in mind, re-envisioning communities, and shifting attitudes about the value of older adults, we'll ensure that driverless cars put people of all ages on the road to a better future.*

Paul Irving  
Milken Institute 2017

- Have we developed liveable communities for people of all ages?
- Is business well informed on product and service delivery needs of independent or dependant older people's preferences?
- Do lifetime neighborhoods serve localised ageing needs?
- Are our public policies reviewed through an age-friendly lens to respect ageing diversity, longevity, access to essential services?

An ageing policy lens will provide a wider breadth of policy responses. Transport is an example. While aging populations will require inexpensive and easy-to-use public transportation, mobility for older generations needs to extend beyond introducing more bus services to include:

- Inexpensive and easy-to-use public transportation
- Convenient location of grocery stores
- Well-planned developments that reduce dependence on cars
- Parks, recreation and fitness opportunities
- Coordinated delivery of human and social services so that hours of service coincide with those of public transit
- Revamped highway systems, with clear and legible signs, well-marked roads, and bright lighting
- Improved safety for pedestrians, cyclists and mobility vehicles.

*World population ageing is accelerating*

*By 2030, older persons will outnumber children aged 0-9 years (1.4 billion versus 1.3 billion);*

*By 2050, there will be more people aged 60 years or over than adolescents and youth aged 10-24 years (2.1 billion versus 2.0 billion).*

*Global numbers of people over 60 years are set to double by 2050.*



*These challenges provide unique opportunities and considerable threats if we fail to act soon.*

*All sectors and stakeholders have a role to play in enabling progress toward the creation of healthy and vibrant older societies.*

*World Economic Forum. 2016*

## The very question of economic growth hangs in the balance.

In many countries, including New Zealand, population ageing will pose what the IMF calls a formidable fiscal challenge. There is increased global recognition that unless policies change, lower growth or absolute falls in the size of the labour force can be expected.<sup>73</sup> There is evidence that investment in policy change based on growing a silver economy through improved well being and an active ageing platform will contribute to offsetting of the anticipated cost burden of superannuation and health care, a key New Zealand Treasury concern.<sup>74</sup>

Common attitudinal issues demand a 'new paradigm' in order to optimise a silver 21<sup>st</sup> century economic platform.

*People in their 'retirement careers' are three times more likely to be entrepreneurs and small business builders. than young people.*

Merrill Lynch 2014

1 Resilience and resistance to change. A business as usual approach appears efficient when it lacks an evaluation of the risks associated with not changing. Resistance to recognising the change imperative may come from a fear of the unknown given the demographic transformation, or be based on past view shafts that are no longer relevant.

2 Best practice is commonly regarded as a tool to maintain standards. However it is predicated on past experience for best results. In this time of social economic and demographic change it may be foolhardy to follow this practice and not evaluate and invest in new evidence models of service delivery or innovative technological products.

3 Views of everything "old" are historically pervasive, and commonly gender biased. The undervaluing of old people is exacerbated by the monolithic New Zealand view of old as everyone 65+ with a Gold Card. A similar 40 year grouping by age band is not applied to specify or categorise young age groups. "Old" positioning commonly lacks a recognition of the diversity of difference across chronological age groupings. The adoption of a non-ageing language "tool box" is vital.

American Boomers consume 94% if consumer packaged goods and have 70% of the disposable income.

4 Individualism and the branded culture of the boomer generation suggests that aspects of the "coke" culture will always have currency. New "smart" products suited to their needs for quality "age-less" designer goods and technology are expected to attract a lengthy post 60 yrs 30-40 year market place.

5 Global consultations have affirmed that efforts to grow a silver economy and maintain purposeful longevity must be supported by: informal and formal education that teaches the potential and innovative power of the over 65 population and prepares the next generations for the profound changes arising from rapid ageing.

*We can do what must be done: embrace change and reap a tremendous longevity dividend on a global scale."*

Paul irving Milken institute 2016

<sup>73</sup> [www.oecd.org/sti/the-silver-economy-as-a-pathway-to-growth.pdf](http://www.oecd.org/sti/the-silver-economy-as-a-pathway-to-growth.pdf)

<sup>74</sup> New Zealand Treasury

## A one billion global longevity marketplace is driving a “Fourth Industrial Revolution.”

Smart businesses will, according to global experts, Hodin, Merrill Lynch, EU, OECD and others, look beyond the headlines, see and invest in this ‘seismic opportunity.’ The growing 60+ market is almost as big as China’s 1.2 billion market according to the World Economic Forum.<sup>75</sup> However, while governments and insurers monetise health and have a direct interest in longevity, it is clear that all sectors and stakeholders have a role to play in the creation of healthy vibrant older societies.

**By 2020,  
there will be over a billion people over 60 years**

**By 2050,  
the number will have doubled to 2 billion.**

*Oracle’s founder  
Larry Ellison has  
allocated \$400  
million to longevity  
research.*

The World Economic Forum contends that the world is on the cusp of a Fourth Industrial Revolution that will promote health and wealth among older people through the use of sophisticated technologies. Wearables, connected devices, robotics, and artificial intelligence will advance social connectivity and emotional health cognitive ability and physical functioning, as corporations adapt to the demands of an ageing population.<sup>76</sup>

Five ways companies are approaching ageing.<sup>77</sup>

*Pfizer, global  
pharmaceuticals  
launched a “Get  
Old” campaign that  
encourages healthy  
choices, with 44%  
reported health  
improvements.*

- 1 Hire retired workers as trainers.  
Akbank uses the wealth of knowledge and experience of its retirees and hires them as trainers of young employees.
- 2 Redefine the corporate ladder.  
Deloitte’s uses a Mass Career Customisation ( MCC) programme to enable career choice within an adaptive framework.
- 3 Design products with older consumers in mind.  
Fujitsu targeted the older customer by developing an “easy to use, easy to hear and easy to read” functionality smart phone, selling 20 million units since 2001.
- 4 Recruit older workers- make benefits work for them  
Home Instead Senior Care discovered that hiring mature workers harnesses a positive relationship between caregivers and customers. More than 30% of employees are over 60 years.
- 5 Talk to older people without preaching.  
Pfizer has a campaign that is improving ageing health outcomes.

<sup>75</sup> World Economic Forum. 2015. *How 21<sup>st</sup> Century longevity can create markets and drive economic growth.*

<sup>76</sup> WEF, 2016. *Technological Innovations for Health and Wealth for an Ageing Global Population.*

<sup>77</sup> WEF Global Agenda Council on Ageing. 2016,

Some paths for continuing the prospects of economic success are suggested by the World Economic Forum. 2016.<sup>78</sup>

1. Companies need to expand their market interests by creating products and services for this new demographic commercial opportunity.
2. Companies need to adopt and adapt to the changes internally in their workforce and workplace environments along the lines suggested by the World Economic Forum Guiding Principles for Age-Friendly Business.<sup>79</sup>
3. Companies can use social responsibility programmes – perhaps through shared value frameworks – to support their commercial ageing strategies, and align workplace and workforce changes to the employment of older workers.
4. A culture shift should be encouraged in how what used to be called retirement is imagined and defined to engender a positive approach to human capital across the entire life course.
5. Public policy institutions in core areas such as education, health, social services, transport, housing and economic and financial planning must more closely align with 21st-century longevity, in all countries and regions of the world.
6. Policy should be initiated to provide incentives for working longer, differently and more flexibly; this would include tax incentives for silver entrepreneurship, pension and labour reforms, and wellness programmes for more active and healthier ageing.
7. Incentives for innovation in the health, financial and technology sectors should be designed and activated to encourage inventions that will enrich a meaningful and purposeful longevity.



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<sup>78</sup> World Economic Forum. 2016. *How 21<sup>st</sup> Century Longevity Can Create Markets and Drive Economic Growth*.



## SUMMARY

The challenge is:  
to optimise environments  
that enable wellbeing to  
flourish as an investment in  
growing a silver economy.

Silver economy research is gathering a field of knowledge. Global conversations are taking place among leading international agencies, high ageing nations and communities seeking population-ageing sustainability.

There is general recognition that a 21<sup>st</sup> century cultural policy paradigm shift and social investment are needed to meet the challenges and opportunities arising from rapid population ageing.

The literature confirms a congruency with the International Monetary Fund statement:

*“Managed correctly, it offers an opportunity to fundamentally revolutionise how societies and businesses engage with people across their lifecycles, and to think less about age chronologically, but more in terms of skills and abilities. Lifelong learning is increasingly important.”*<sup>80</sup>

Further, there is a consensus view that:

**Active ageing is a concept that  
provides an enhanced wellbeing policy platform  
necessary for maintaining independent living,  
innovation and silver economic growth.**

**It is a low cost means to reduce age  
dependency, crucial to economic development  
and community sustainability.**

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<sup>80</sup> [http://www.granthornton.global/en/insights/blogs/blog-ageing-populations\\_imf/](http://www.granthornton.global/en/insights/blogs/blog-ageing-populations_imf/)

# Active meaningful ageing is the platform for wellbeing and economic growth.

Providing secure income and active independent living environments<sup>81</sup> will critically define the degree to which the silver economy is attainable, and the degree to which we can support the vulnerability of old age.

A paradigm shift is of critical importance in order to avoid economic decline, labour shortages, generational poverty and a health care cost crisis. The shift includes the challenge of moving from outmoded view shafts to a new 21<sup>st</sup> century paradigm that maximises silver initiatives innovation, business opportunity, workplace engagement, productivity, new urban design, volunteer contributions and a living longer wellbeing.

It is time to proactively engage and challenge 'government' to reframe policy platforms that develop silver economic opportunity for super-ageing New Zealand regions.

The paradigm shift demands actions that frames policies to:

- 1 Foster community understanding of the demographic transformation.
- 2 Achieve strategic social investment. Create a value for the importance of investment in age-friendly urban, community, business, transport and educational environments.
- 3 Manage the projected a 'flat outcome' for smaller towns in the Bay of Plenty region (and other super-ageing regions) by shifting economic 'growth' goals and resource allocation investment.
- 4 Focus resources to invest in:
  - Health and wellbeing infrastructure
  - Support mature worker retention
  - Optimise generational educational opportunities
  - Foster local / global silver market innovation investment
  - Recognise the home as central to independent living health, nutrition and disability maintenance, dementia and long term care.

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<sup>81</sup> Independent living is a term now widely used to redefine the concept of ageing-in place.

It is clear that the scope and nature of silver economy outcomes will depend on a number of factors, including:

- A view that recognises history and human ability to realign perspectives and develop resilient strategies for prosperity.
- The future overall strength of New Zealand's national economy.
- The ability of Government to acknowledge global leadership and move beyond a "positive ageing" to strategic social investment.
- Pursueing public policies that enhance ageing such as: Health budget investment realignment, and prioritisation, District Health Board responsiveness, security of NZ Superannuation eligibility, taxation, housing, transport and lifelong learning.
- The scope, and uptake of technological and cultural change.
- Business responses to innovation, technology, the workplace and an age-related consumer focus.
- Government incentives, and Local Government responsiveness to lifetime age-friendly neighbourhood development investment.
- Regional and sub-regional education and economic development perspectives and priorities.

As the world, in particular New Zealand and the Bay of Plenty, embraces this first time in history population ageing transformation, there is a place for an honest appraisal of pervasive cultural values and personalised views on becoming older. Expressions such as 'the elderly' reflect an outmoded deficit discourse that is culturally limiting in a world of longevity where a progression of difference and diversity is expected to expand. It is crucial that a longevity culture shift recognises that:

- New Zealander's currently have limited understanding of the scale of and scope the demographic transition.
- Investment in optimising environments is vital.
- 80% of New Zealander's seek to remain living in their own home.<sup>82</sup>
- Enabling older people to spend more of their resources locally could have significant beneficial impact on local economies.
- Changing aspirations continue along a later life continuum.
- Effort is required to dispel mountains of outmoded 'institutionalised' aged 'mythology' that underpins prevailing common assumptions now historically redundant in a longevity paradigm.<sup>83</sup>
- Mature and older people are entrepreneurial and can contribute to adaptive innovation.

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22 Ministry of Social Development. Office for Seniors. 2016. Attitudes Towards Ageing.

23 Ministry of Social Development. Office for Seniors. 2016. Attitudes Towards Ageing. Research found that a high level of respect for older people among New Zealanders of all generations. But, nearly a quarter of baby-boomer feel invisible.

## CONSIDERATIONS

Despite having excellent national and regional demographic change data,<sup>84</sup> New Zealand has yet to create a national discourse that stimulates community and regional development as a social and economic response to the demographic transformation.

There is an urgent need to:

- 1 Give voice to engaging the public and local government in conversations that moves from a predominantly youth based cultured policy structure, to one that supports a multi-sectorial active ageing formula.
- 2 Utilise global evidence, and lead policy development. There is a reticence in national and regional leadership to act on the link between aged urbanisation and meaningful productive ageing where age-friendly environments are a vital means to enhance the well-being and participation of older people as a valuable resource.
- 3 Move to an opportunity, asset or strength-based analysis and avoid over emphasising a 'disease and deficit' problem model of ageing and older people.
- 4 Value the youthful Maori demographic structure as a critical resource that may offset rapid regional population decline and productivity. There is potential to culturally engage a generational thirst for education, science and innovation.
- 5 Make the vital connections between health, social investment and active ageing as a value for strategic silver economic investment and business innovation as a means to offset the cost of aged dependency.
- 6 Recognise the value of mature and older New Zealanders as a market force, entrepreneurial investors, and reliable skilled workforce in the business sector.<sup>85</sup>
- 7 Understand and respect that, similar to UK silver economy findings, the MSD Office for Seniors, *The Business of Ageing* reporting provides a New Zealand evidence base that indicates increased national silver economy growth will continue over coming decades.<sup>86</sup>
- 8 Build on this Silver Economy 2016 report evidence of a rapidly growing economic contribution within the western sub-region of the Bay of Plenty. Analysis shows potential for maximising high economic outcomes for Tauranga City as it continues to attract ageing population growth and an allied service industry.

*Attaining the silver economy as a pathway for growth is possible, but not inevitable. It requires critical public policy changes as well as a profound cultural shift.*  
Global Coalition On Ageing

*When we understand demographic change then policy makers business leaders and families will be able to adapt to make innovative decisions that develop and support ageing-in-place communities.*  
Carole Gordon.  
SUPA-NZ

## Longevity gives time for opportunity

<sup>84</sup> NIDEA, Jackson Natalie, various reports.

<sup>85</sup> Davy.,J in Making Ageing in Place a Reality. 2014. Davy 2013 noted that 61% of employers indicated that they had no specific strategies on ageing workforce participation

<sup>86</sup> Business of Ageing MSD etc

## We need to ask:

- What is the cultural 'space' that enables a flourishing living longer and living more lifespan?
- Is it one that is possibly less about 'retirement,' but more about reimagining lifespan possibilities and experiences that give rise to a rich meaningful and purposeful later life?
- Are we doing enough long-term thinking and, if and when we do, how are we approaching it? <sup>87</sup>
- When will Government 'grow up' and proactively recognise and invest in the social and economic dynamics of the demographic transformation?
- Can councils and their partners demonstrate that the vital needs of older people are taken into account when building homes, transport systems and community neighbourhoods?
- How will we collectively aspire to create a society of respect, where younger generations flourish, where people can age well with dignity, where growth, choice, curiosity, independence and purpose are valued and fostered as a lifelong journey of fulfilment?

This is the transformative process.



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<sup>87</sup> Gabriel Makhlouf, 2016. New Zealand Treasury.

## RECOMMENDATIONS:

### 1 That the New Zealand Government:

(a) Recognise population ageing as a silver economic opportunity platform for investment consistent with the WHO World Report on Ageing and Health 2015 and G20 Principles on Silver Economy and Active Ageing 2015.

(b) Actively pursue regional silver economic development.

(c) Proactively invest in elder wellbeing through population-based funding active ageing guidelines, congruent with WHO leadership.

### 2 That the Bay of Plenty Regional Council:

(a) Insert clauses in the Regional Policy Statement to ensure that land use decisions by Territorial Authorities recognise and provide for population ageing and super-ageing community development requirements.

(b) Structures a regional social investment framework to promote sustainable social and economic development that has regard for the demographic transformation.

### 3 That SmartGrowth:

Integrate super-ageing silver economic growth and active ageing in settlement pattern structure plans congruent with the social investment model domains (Fig. 17 p. 47).

### 4 That Bay of Plenty Territorial Authorities:

(a) Recognise and show in Long Term Plans how they intend to provide liveable communities for super-ageing through initial 5 year age-friendly community plans.

(b) Ensure the views of other agencies such as the DHB and social service providers are regarded in all decision-making.

(c) Recognise and support active ageing and lifetime neighbourhood development to ensure access to essential services.

### 5 That the Bay of Plenty District Health Board:

(a) Proactively invest in strategic action to enhance active ageing.

(b) Collaborate to achieve age-friendly communities and lifetime neighbourhood development to ensure access to health and social care services.

The silver lining is,

that the power of the wealth, education,  
technological and leadership capacity of  
boomer cohort to aspire, navigate and  
reimage a productive 'retirement'  
lifestyle will create a 'second  
demographic dividend.'



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## APPENDIX I



### ANNEX VI:

#### G20 Principles on Silver Economy and Active Ageing

The global number of older persons (aged 60 years or over) is expected to more than double, from 841 million people in 2013 to more than 2 billion in 2050. This rapid process of ageing will challenge our labour markets and the sustainability of welfare systems for future generations; but, at the same time, will offer new opportunities for economic growth and job creation.

Responding to the challenges posed by the accelerating ageing of our societies and making the most of the opportunities of the silver economy are increasingly relevant to the G20 agenda of achieving strong, sustainable and balanced growth.

In this context, and to ensure that the perspectives of both young and senior citizens are taken into account, various policy principles – relevant to both governments, the social partners and civil society – were discussed at the “Workshop on Silver Economy and Active Ageing” which was held in Rome in June 24, 2015. Among these we take note of the following principles:

1. Mainstreaming national policies and strategies for the inclusion of older persons into the society at all times.
2. Ensuring better access to a healthy, safe and active life for ageing population, preventing old age poverty and promoting a healthy lifestyle among all age cohorts of the population.
3. Improving the working environment and enhancing older workers' productivity with a view to ensuring better access to employment opportunities for older people and preventing the early loss of skills.
4. Fighting against age discrimination and negative stereotypes of older people, especially in hiring and firing of workers.
5. Promoting inter-generational solidarity through sustainable pension systems and integrating older people in all spheres of social life, allowing them to make a greater contribution to the economic social and cultural development of our societies in line with their experience and potentials.
6. Taking advantage of the opportunities of the “Silver Economy” and its potential in terms of sustainable and inclusive growth, in particular for SMEs and better integrating “Silver Economy” into corporate as well as political agendas at the local, regional, national and international level.
7. Fostering investment in infrastructure and innovative technologies, especially in the fields of healthcare, home assistance, transportation, internet of things, domotics and robotics, to satisfy -among others- the needs of autonomy and high quality life for the elderly people.
8. Taking action against the digital divide and developing new policies

involving seniors as a source of innovation and developing age-neutral products and services that offer value to elderly people while also attracting younger customers.

**9.** Encouraging innovation in facilitating access to financial services for seniors and addressing the new needs of senior customers, including in the financial sector.

**10.** Promoting lifelong learning starting with the development of adequate competencies among the future workforce, to better meet “Silver Economy” related skills; providing tailored vocational education and training devoted to assist and support increasing needs of ageing society; and developing the “Silver Economy” focused labour-market and employment services specifically targeting job opportunities for the youth.

**11.** Improving the quality of a prolonged active life of both urbanized and rural seniors and fostering a building and urban environment designed, organized and connected through Information and Communication Technology (ICT) that contributes to including and not secluding the older people.

**12.** Including emerging and developing countries in the development of products and services devoted to the ageing society, including medical treatments, healthcare and long-term care.

**13.** Facilitating the transmission of knowledge in traditional professions and local handcrafts from older to younger workers through specific programs.

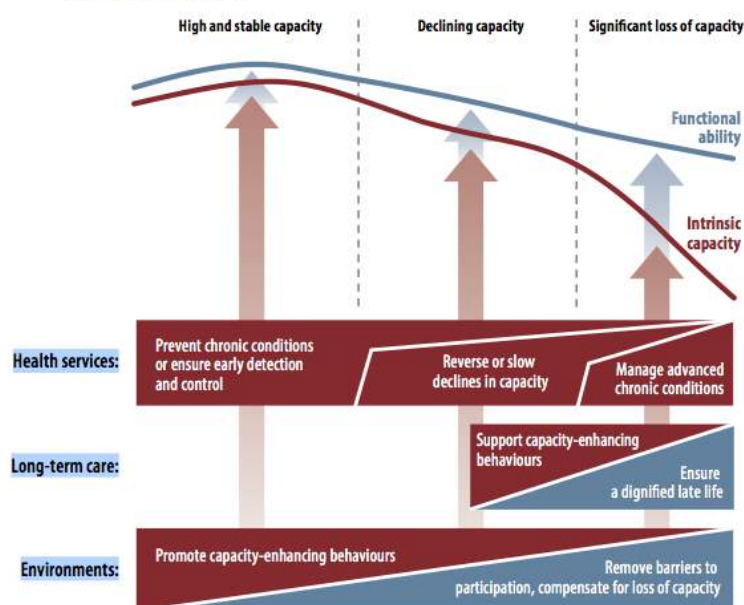
**14.** Ensuring effective participation of all relevant actors including public and private actors, civil society and charity organizations, community-based centres and representatives of senior citizens while developing policies on population ageing.

**15.** Enhancing coordination between studies on health, macro- and labour- economics, and innovation carried out by relevant international organizations and institutions, as well as cooperation between the research and the business sector to better inform policy design.

## APPENDIX II

### WHO 2015 WORLD REPORT ON AGEING AND HEALTH

**Fig. 2.4. A public-health framework for *Healthy Ageing*: opportunities for public-health action across the life course**



## Conclusion

Current public-health approaches to population ageing have clearly been ineffective. The health of older people is not keeping up with increasing longevity (5, 9); marked health inequities are apparent in the health status of older people; current health systems are poorly aligned to the care that older populations require even in high-income countries (17–21); long-term care models are both inadequate and unsustainable (Chapter 5); and physical and social environments present multiple barriers and disincentives to both health and participation (Chapter 6) (90).

A new framework for global action is required. It will need to encompass the great diversity of older populations and address the inequities that lie beneath it. It must drive the development of new systems for health care and long-term care that are more in tune with the needs of older people, and it must ensure that all sectors focus on common goals so that action can be coordinated and balanced. Above all, it will need to transcend outdated ways of thinking about ageing, foster a major shift in how we understand ageing and health, and inspire the development of transformative approaches. Because social change is ongoing and unpredictable, these cannot be prescriptive but, instead, should look to strengthen the ability of older people to thrive in the turbulent environment they are likely to live in.

This report offers a framework for this response. Chapter 2 explores what health might mean to an older person and how a public-health strategy might be framed to foster it. Chapter 3 uses this model as the basis for assessing health trends and priorities in older age. The final chapters explore in detail actions that might be taken in key sectors: Chapter 4 examines health systems, Chapter 5 examines long-term care systems, and Chapter 6 looks at the role of other sectors.

However, throughout this report it is emphasized that all these aspects of an older person's environment need to work together in an integrated way if healthy ageing is to be achieved. Chapter 7, the final chapter, identifies the key steps that need to be taken next.