

# Disruptor Scan

## June 2022



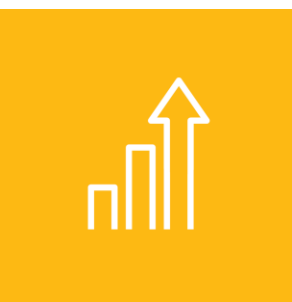
## Political

- ↓ **Social wellbeing policy** – Covid recovery, economy and climate dominating, although Govt still operating under wellbeing banner
- ↑ **Status of public funding** – Inflation/cost of living/supply issues placing pressure on central and local government spending. Budget reflects balancing short-term cost of living with longer-term climate change and health implications
- ↑ **Evolution of Treaty Partnership** – Co-governance being used by some to stir up public alarm over the supposed threat it poses.
  - **Health response** – Pandemic response continues to dominate health system under pressure. Could increase focus on physical fitness and healthy communities
- ↑ **Governance policy initiatives** – Reforms across health, education and local government continue to gather momentum, and present engagement opportunities for us



## Social

- **Increasing ethnic, age and gender diversity** – increased support and awareness for transgender and non-binary people.
- ↑ **Changing nature of work** – rise of hybrid work – a blended model where some employees return to the workplace and others continue to work from home
- ↑ **Social resilience** – Increasingly vulnerable to further lock-downs, other set-backs.
- ↑ **Changing leisure patterns** – Lockdowns accelerated/embedded reshaping of work, time for activity, home entertainment
  - **Changing demographics** – annual growth rate continues to decrease with births declining 0.7% year on year, although life expectancy continues to climb. Urban populations growing faster than rural.
- ↑ **Individual wellbeing** – impact on mental health from Covid restrictions becoming more evident



## Economic

- ↑ **National outlook** – Transitioning economy from overstimulated domestic demand to a rapid withdrawal of monetary stimulus in order to tame the inflation. Reopening of border may offset some of slowing in domestic demand
- ↑ **Socio-economic inequality** – The bottom 40% of households account for just 3% of total wealth. 53% of wealth in hands of 10% of households. Māori households have 15% less income than non-Māori households. Gap not increasing but remains an issue.
  - **Māori economy** – approximately \$50 billion asset base and growing
  - **Disposable income** – Housing has biggest impact on income; rising cost of living also impacting
- ↑ **Changing business patterns** – increase in flexible workforce, and flexible working hours and arrangements, including telecommuting



## Technological

- ↑ **Gaming and interactive experiences** – Lockdown accelerating on-line tech; rise of virtual and augmented forms of entertainment
  - **Human augmentation** – Bionics, bio-engineering, genetic manipulation, wearables – potential upsides to physical activity but challenges to 'level playing field'. All developing rapidly.
- ↑ **Digital and surveillance** – The level of data is going to potentially overwhelm participants and coaches seeking to compete at the highest levels. Use and access to data will use ethical issues.
  - **Increased automation** – Artificial intelligence (AI), robotics and other forms of 'smart automation' are advancing at a rapid pace and have the potential to bring great benefits to the economy, by boosting productivity and creating new and better products and services
  - **Advances in health and medical drugs** – Health and social services must be provided to increasing numbers of older people who are living longer. The health burden of long-term conditions, such as heart disease, diabetes, depression, dementia and musculo-skeletal conditions, is growing.



## Environmental

- **Climate change consequence** – warming and related weather disruptions threatens activity and societal expectations for change
- ↑ **Climate change response** – Omissions Reduction Plan, informed by the Climate Commissions report. Criticised by some for lacking urgency and relying too much on technocratic rather than political solutions.
  - **Space and place dynamics** – From August 2022 Kiwi's will be able build up to three story homes on most sites without the need for additional resource consent. Cost of building and supply issues resulting in deferred maintenance, and higher costs down the road.
- ↑ **Active Transport** – emissions reduction plan includes \$350 million to fund transport services and infrastructure investments that reduce reliance on cars and support uptake of active and shared modes.



## Sector

- **Social licence for sport and recreation** – cycling review and white ferns selection point to increased negative public sentiment about the duty of care afforded athletes
- ↑ **Athlete and participant wellbeing** – divide within athlete community over representative body for athletes
- ↑ **Workforce (including volunteers)** – heightened competition for skilled labour; increased pay gap between not for profit and commercial sector; older volunteers deterred through fear of contracting Covid (post loosening of restrictions)
- ↑ **Changes in geopolitical power** – Likelihood of sport being called on to strengthen relationship with Pacific neighbours to counter China's influence. Wimbledon example of sport events as platform for political protest
- ↑ **Sustainable financial model** – lotto review, increased focus on alcohol sponsorship, instability of gaming
  - **International travel** – while borders are reopening 90% of the world's population now lives in countries with travel restrictions. Health likely to be embedded in every aspect of travel with increased automation and face and body becoming passport.

↑ Strengthening

↓ Weakening

● No change

New item

## Disruptor scan

- A monitor of possible disruptors within a two to five-year timeframe updated quarterly. The intent is to alert the sector to possible disruptors, and where the likelihood and/or strength of disruption is strengthening or weakening. This provides the basis for discussion of possible implications and any requirements to adjust approaches, develop a 'plan b' or seek greater understanding.
- These disruptors will continue to be actively monitored as part of our futures process, with each connected to a summary descriptor, housed on Sport NZ's futures webpage [futures web-page](#).

## What are we seeing?

- The significant shifts over the previous quarter relate to the increased public attention on athlete wellbeing and its impact on the social licence of sport; cost of living increases impacting discretionary spend; the opportunities and challenges that will follow the Government's emissions reduction aspirations; the evident strain on societal resilience as a result of Covid-19; and growing pressures on our sector to attract and retain staff and volunteers.
- The response to the release of the cycling review and the divide within the athlete community over the establishment of a representative body for athletes, point to increased negative public sentiment about the duty of care afforded athletes. The portrayal of the White Fern selection process added to this.
- Inflation and interest rates are pushing the cost of living to record highs. The average annual increase for all households was 5.2 percent over the past year, equating to between \$4000 and \$5000 (Statistics NZ, 2022). Cost is a barrier to sport and recreation for 12% of young people, rising to 17% for those from areas of high deprivation (Active NZ 2021). Adding to the cost of living are supply chain issues, often resulting in deferred maintenance (and subsequent higher costs).
- The Government's emissions reduction plan includes \$350 million to fund transport services and infrastructure investments that reduce reliance on cars and support uptake of active and shared modes. Investment areas will include rapidly rolling out urban cycleway networks, creating walkable neighbourhoods, supporting safer, greener, and healthier school travel (with an initial focus on active transport for 75-100 schools), and making public transport more accessible and easier to use. Electric bikes are positive for physical activity, whereas electric scooters are not.
- While the emissions plan does not specially call out air travel, it will likely add to 'travel shaming', which alongside the rising cost of air travel and the reduced supply, will add challenges to those reliant on aviation, and will increasingly require creative solutions (e.g. participate locally in global competitions).
- While Covid-19 restrictions have eased, competitions and participation continue to be impacted by illness, and the impact on mental health is becoming more evident. It is estimated that the pandemic has led to a 27.6% increase in cases of major depressive disorder and a 25.6% increase in cases of anxiety disorders for people around the world while also raising concerns of increased suicidal behaviour (WHO, 2022). In addition, access to mental health services has been severely impeded, and inoculations against more common diseases delayed. Collectively, this has impacted levels of social resilience, resulting in heightened vulnerability to further pandemics or other setbacks. This is already being evidenced by fewer older people being willing to volunteer for fear of Covid-19 infection.
- High employment and labour shortages are contributing to heightened competition for labour. The rising cost of living and the widening pay gap between the not-for-profit and private sectors are contributing to this issue within our sector. Remuneration increased 4.1% in the private sector in the year to May 2022, but only 0.8% within the not-for-profit sector (Strategic Pay, June 22).
- Government reforms across health, education and local government continue to gather momentum, and present engagement opportunities for us. The connected issue of co-governance is being used by some to stir up public alarm over the supposed threat it poses. Past Minister for Treaty of Waitangi Negotiations Chris Finlayson states why [co-governance should be embraced not-feared](#). Our sector has the opportunity to be an exemplar for co-governance.
- Lottery, pokies and online funding reviews present immediate risk, and raise questions about existing comfort levels within parts of government on the quantum of gambling funds being directed to sport and recreation.
- China's increased engagement in the Pacific may erode the influence of the United States and its allies in the region. It is not immediately clear, what if any impact this will have on our sporting relationships. However, it is clear New Zealand will seek to strengthen our relationship with our Pacific neighbours to counter China's influence. Given we cannot compete on scale and money, we may look to our sporting connections, to assert influence. This could result in greater sporting connection, following the example of the Fijian Drua and Moana Pasika being included in the expanded Super Rugby competition.
- Ticking away quietly in the background is the lawsuit against World Rugby, English Rugby and Welsh Rugby, taken by 150 former players claiming damages for debilitating mental conditions including early-onset dementia. The main basis of the claims is that the organisations failed to take adequate steps to protect the players from getting concussions which lead to permanent brain injuries. This has implications for all collision sports. The last thing such sports want to see is beloved former stars on television and in print, giving details of their grim medical conditions and blaming it all on their sporting employers. This would impact our collective social licence. Players in other sports have brought these types of suits. The leagues have settled with the players in virtually every case. The NFL has paid over one billion dollars in concussion settlements to date.