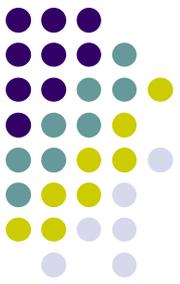




The Demographic Forces Shaping New Zealand's Future – What Population Ageing Really means

- New working paper from National Institute of Demographic and Economic Analysis – University of Waikato (Natalie Jackson)
- Produced specifically for Chief Executives of Territorial Local Authorities



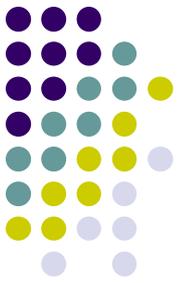
- Sobering analysis of key demographic forces shaping New Zealand's future.
- Identifies a migration-driven bite in NZs age structure across the young adult ages. Pronounced in non-urban areas.
- Phenomenon occurring along side population ageing making it unique in history.

Converging forces



- Increasing longevity and declining birth rates – 2 main drivers for population ageing globally.
- In NZ, the population is also ageing prematurely from the legacy of net migration loss at young adult ages (typically 20-24 years but can be 15-19 and 25-29).
- Deep bite in NZs age structure across 25-39 years – sobering implications for retirement of baby boomer generation.

End of population growth?



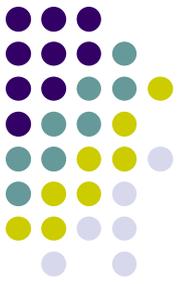
- The problem with population ageing is not the increased numbers of elderly. It is the relatively diminished proportion of the ***young***.
- Population ageing has deflected our attention away from the most profound element – *the relative lack of young people*.
- NZ will have the most profound numerical ageing of any OECD country, because it had the highest and longest baby boom in OECD.

An ageing New Zealand



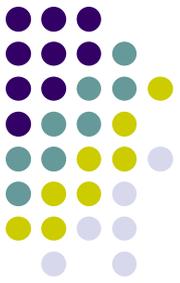
- 1966 age structure very youthful, baby boom had just ended.
- Median age was 27 years.
- Today median age risen to 37 years.
- Exacerbated by migration bite in 25-39 age group.
- Numbers of elderly to children (0-14/65+) will cross over in approx. 12 years time – more elderly.

New baby blip saves the day?



- Children of baby boomers delivering current baby blip (echo of baby boom).
- NZs current birth rate highest in developed world.
- Birth rates not enough to save the day because size of reproductive cohort much lower base than that of the 1960s.
- Children being born now will be working age by around 2022, just as the largest baby boomer cohort begin to retire.
- Sadly too late to off-set wave of baby boomers leaving labour force *this year*.

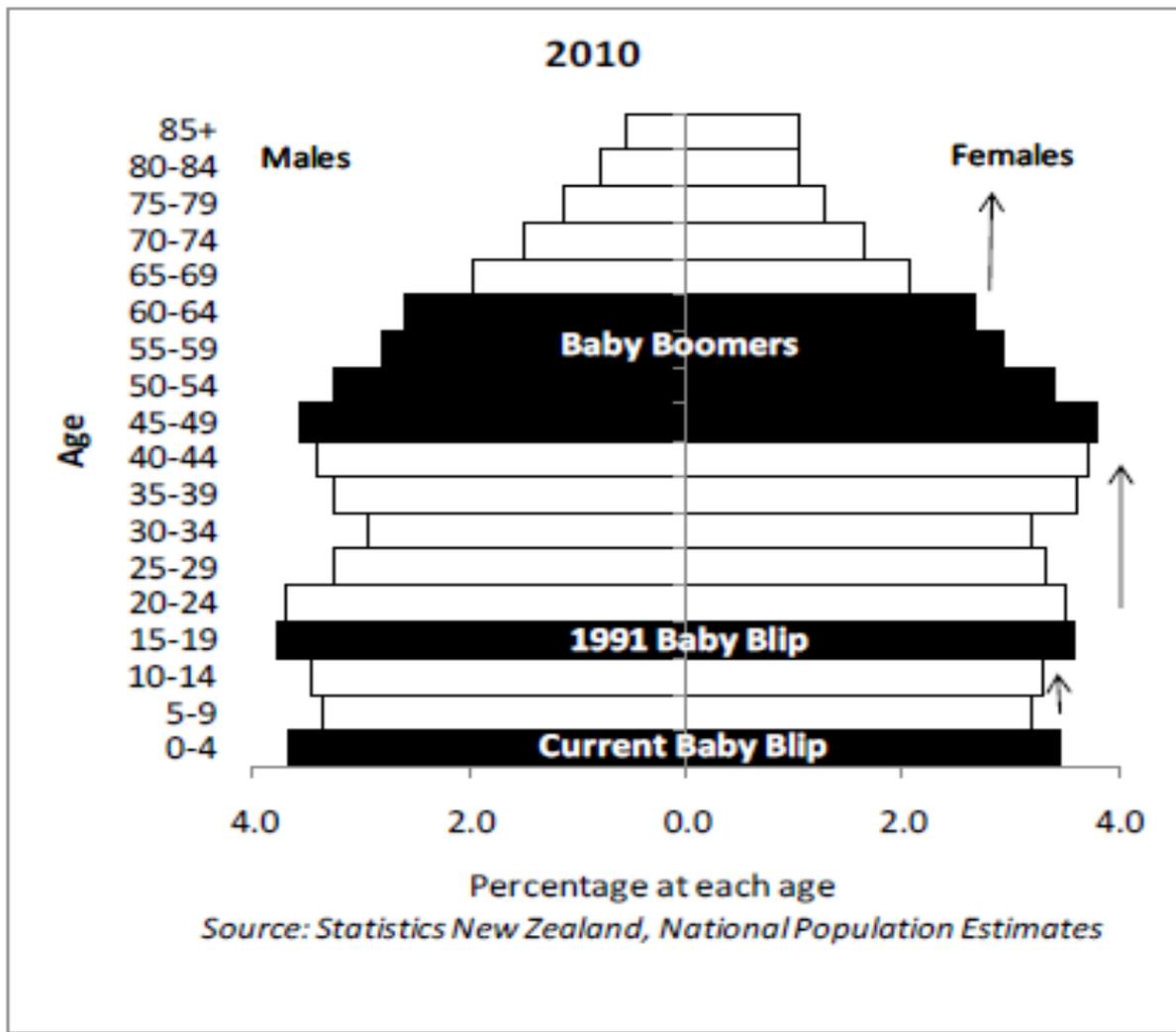
Labour Market implications



- Baby boomers start entering retirement zone en masse this year.
- Very few will work past 67 years
- Deep bites *above* the 15-19 cohorts and 20-29 cohorts creating a vacuum that will reinforce an already demographically tight labour market
- As each wave of baby boomers retires, replaced by successively smaller cohort.



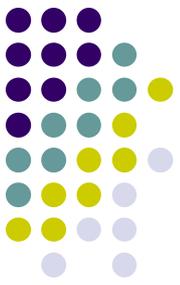
Figure 6: Age-Sex Structure, New Zealand, 2010





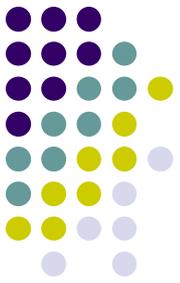
Urban vs non-urban

- Young will be in ever shorter supply and ever-greater demand.
- Competition for labour between regions and countries (Australia similar age structure).
- In 1996, 5% of NZs TLAs had fewer people at labour market entry than exit age.
- 2001 = 25%. **2010 = 42%**



Urban vs Non-Urban cont..

- 15 TLAs in NZ population declining. Includes Whakatane, Opotiki and Kawerau.
- In 5 years time, 30% of TLAs anticipated to have more elderly than children. 2021 – 50%. 2031 – 90%.
- Signalling end to population growth in many non-urban areas.
- Population declines not new (wars, epidemics etc). Difference = occurring alongside population ageing making modern form of decline novel.



Youthful Maori

- Very youthful Maori population.
- Median age = 23.
- European median = 38.
- 14% of total population
- In 0-14 age, Maori = 21%
- In 15-24 age, Maori = 18%
- Young Maori have significant role in NZs future labour force. Attention to specific educational, training and social needs is paramount.

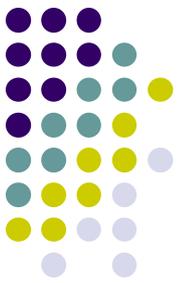
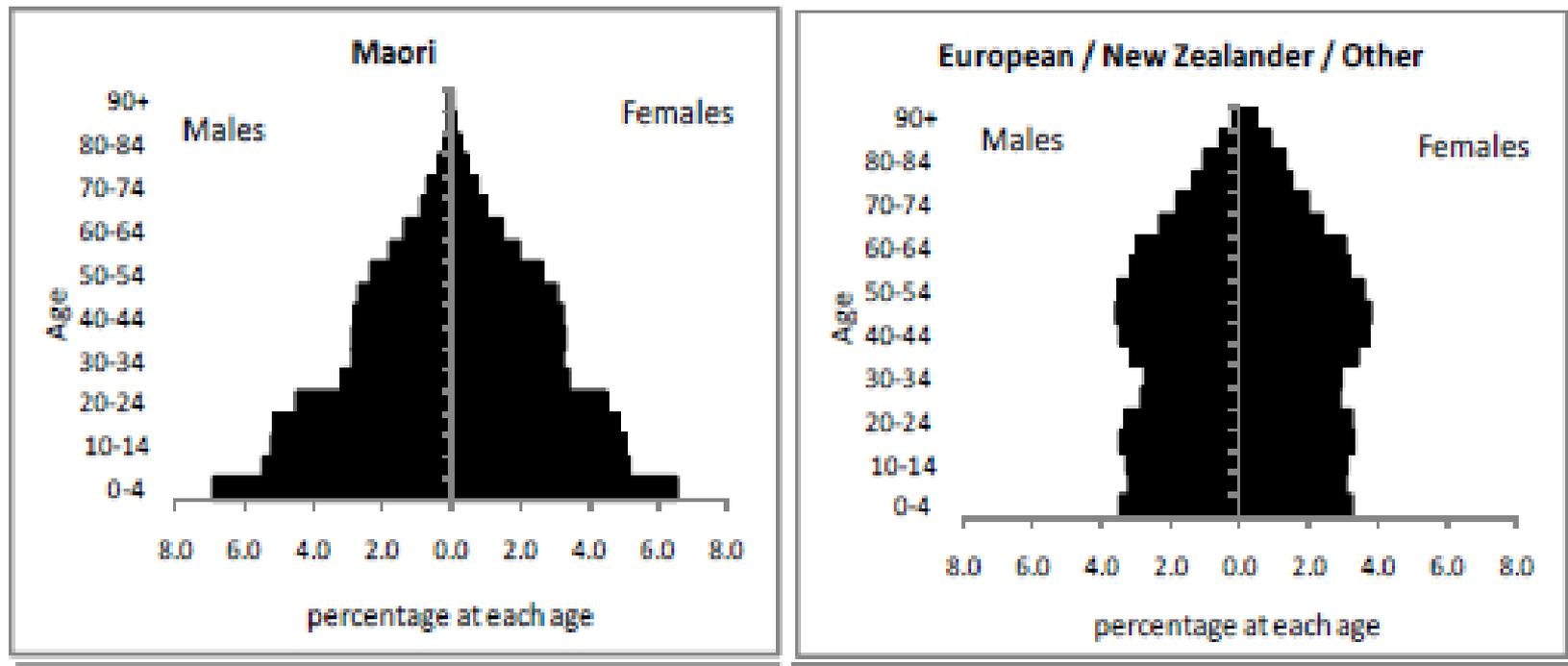
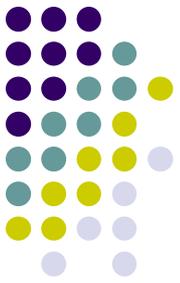


Figure 10: Age-sex structure by major ethnic group* (2011 on 2006 Base)



Children are our future



- Short to medium term – young NZers in short supply.
- As baby boomers retire, replaced by smaller cohort of labour market entrants resulting in competition for workers.
- Drive demand for wages, consumption costs to increase.
- Driving forces in non-urban areas means permanent end to population growth in many areas.
- Responses to population ageing need to be directed at local level and need to take account of specific drivers of demography.
- Currently larger youthful cohorts (15-19) and (0-4) are the last that NZ is assured of. Cohorts in reproductive age bands stand to be further diminished with migration.
- **Investment in young NZs particularly young Maori will be critical.**