ADDRESSING THE CHALLENGE OF DEMOGRAPHIC CHANGE

A SOLGM Sector Future Working Party Paper

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In 30 years our communities will be very different from the ones we live in today. Our populations will be different in size, age and ethnicity.

Demographic change is one of many challenges local authorities face as they lead their communities into the future. It's not something local government managers can control or prevent but they can seek to anticipate its effects, and manage and plan for their communities of the future.

Predicting the future is no easy task, but asking future focussed questions will help ensure that the issues are considered using the best evidence that is currently available.

This work is the result of an investigation by SOLGM's Sector Future Working Party into the implications of demographic change on local government professional practice.

The paper's aim is to help local government managers think about the questions they need to be asking of staff, elected members and stakeholders now - before decisions and recommendations about investments with long-term impacts are made.

What to expect...

Along with most countries in the developed world, the NZ population is aging rapidly...	• NZ had the highest and longest baby boom in the OECD (Jackson, 2011). • By 2024 NZ is forecast to have more people over 65 years old than people 14 years and under (Reher, 2007). • In five years' time more than 30% of TLAs will have more elderly than children (Jackson, 2011). • Emigrants from NZ are disproportionately young (Jackson, 2011). • Immigrants are also disproportionately young, but they do not keep the population young in the long term (Jackson, 2011).
...and changing culturally.	• Maori and Pacific populations are relatively young which will mean a changing cultural dominance over time (Jackson, 2011)

Some places will continue to grow while others will decline.	• The future will be one of increasing regional disparity (Jackson, 2011) raising issues of equity and sustainability of services. • Shortage of workers in the places people are but high unemployment in declining population areas. • Affordable housing issues in growing areas but low demand for properties in declining areas. • Pressure on infrastructure in growing areas but redundant infrastructure in others. • Increased inequality of incomes (particularly in growing areas) may lead to declining community connectedness and more social problems.
Fewer people will be entering the workforce…	• 42% of TLAs already have fewer labour market entrants than exits (Jackson, 2011). • There will be increased competition for young employees. • Increased labour costs could drive up prices of services and consumption items (Labour and Immigration Research Centre, 2012).
…and expectations of "working age" will change.	• People will be working longer, motivated by financial reasons as well as a need for personal recognition and a desire to make a contribution to society (OCG Consulting, 2013).
Patterns of demand are likely to change.	• Older people have less money but more time, so may make different choices about the trade-off. • NZ is becoming more multi-cultural and different cultures have different expectations about the type, quality and mix of services they require. • Fragmentation of demand in rural (slow-growing) areas exacerbates difficulties with service sustainability (Department for Environment Food and Rural Affairs, 2013).
The nation's infrastructure is also aging…	• More than half of NZ utilities infrastructure will require renewal in the next 30 years coinciding with an expected period of fiscal restraint (Waugh, 2014).
…and we are expected to do more with less.	• Higher environmental standards are required. • Expectations for increased resilience of infrastructure to withstand natural disasters.

Things to consider

Has serious thought been given to the effects of population aging and cultural change in your council's long term planning?

By asking some of the difficult questions, we hope to stimulate thinking about the challenges and opportunities that result from demographic change. This is not an exhaustive list of questions – for instance your council may have some unique characteristics that create the need for different kinds of questions.

Your council may also already be experiencing some of these changes and could help others in the sector to anticipate the effects and plan ahead.

Like climate change, demographic change is something that needs to be considered at many levels of decision-making, including setting assumptions, identifying options, assessing business cases and making sure we have the skills and capacity to deliver our services in future.

Topic	Aspects to consider
Managing Growth	• Is there an understanding of the relative sizes of the components of population growth projections (natural increase/decrease and migration)? Has the risk of significant change in migration been considered or acknowledged? • Are policy tools or incentives required to ensure the mix of housing size and densities will cater for likely changes in demand (resulting from aging and cultural change)?
Managing decline	• How can we manage shrinking towns to stop the fear of population decline hastening the demise of viable settlements? • How can redundant assets like vacant buildings be effectively used? • How will communities be affected by declines in property values? • Are there strategies to maintain or improve social cohesion as populations shrink? • Are there innovative ways of delivering services to accommodate reducing demand? • Are there some places with significant historic or cultural value that require a special approach?
Infrastructure renewal and replacement	• When renewing infrastructure in areas of future decline, are there any design options that would enable a gradual reduction in demand in a cost-effective way? Could infrastructure be modular or scalable? • Are there innovative ways of funding the renewal of infrastructure assets?

Levels of service	• Older people generally have less money but more time – how might that affect patterns of demand for services like:
	  › public transport
	  › walking, cycling and mobility scooter infrastructure
	  › the mix and location of recreational facilities.
	
	• Older people generally live in smaller households. How is this likely to affect:
	  › housing density
	  › demand for accessible housing suitable for aging-in-place

Topic	Aspects to consider
Affordability	• Older people are often asset rich but cash poor. How will this affect the way revenue is raised and their willingness to pay?
Resilience of services	• Older people are more vulnerable in emergency situations – how does that affect hazard assessment and emergency planning?
Capacity to deliver services	• How can scarce and specialised skills (e.g. engineering) be attracted and retained as the current workforce ages and shrinks? How can we make best use of these skills? • Are staff trained to interact appropriately with people of different cultures, language, ages, and digital proficiency? • Will the need to consider changes to business-as-usual require more modelling and scenario analysis capability?

These are just a sample of some of the issues that will impact on future investment planning and of course the issues will evolve as new information becomes available.

The impact of technology, changing economies and different government priorities will make a difference to the types and levels of services local government provides, as well as the way services are delivered. There are no definitive answers, but local government managers need to be asking the questions so they can be confident they are moving in the right direction.

The consequences of not asking the right questions are all too easy to imagine - wasted resources, underutilised facilities and ineffective services. SOLGM will continue to inform the discussion and support local government managers as they work to deliver the most effective services to their communities of the future.

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