

**Kāpiti Coast Older Person's Council and Grey Power Kāpiti:
Comments on the Kāpiti Coast District Economic Development
Strategy 2015-2018**

Introduction

The two organisations making these comments have considered the Strategy document released before Christmas and has also reviewed the proposed wording changes. We have previously raised issues about the wording of the document. While we acknowledge that the Council has sought to address our concerns about the wording we do not consider that cosmetic changes alone will resolve the fundamental issues about glaring omissions in the strategic directions that we are raising in these comments.

We wish to emphasise that the purpose of our comments is not to demonstrate that the Strategy is “unfair” to older people. Our primary concern is that, because the Strategy chooses not to recognise the economic potential of building on the district's existing attraction to older people (both retired and still in employment) and as a location for increasing activity by commercial providers of services to the older population, there is a significant gap in the document's strategic objectives.

Assumptions concerning the older persons' economic sector

Much of the strategy is acceptable as far as it goes, although its soundness will only be tested at the implementation planning stage. At that stage, the Strategy will stop being a wish list and, presumably, become the foundation for a series of plans setting out activities and tactics which can be demonstrated as contributing to the five aspirational

“success indicators”. It is important the assumptions on which the strategy is founded are appropriate, otherwise the strategy itself will be compromised making any implementation plans ineffective.

It appears to us that not all the assumptions in this strategy are sufficiently well-founded to provide a sound basis for the proposed strategic priorities. Inexplicably the strategy clearly assumes the 64+ age group is, at the most, of limited economic value or is actually a hindrance to economic development. This bias, possibly amounting to prejudice against any effort to recognise the economic value of the older population, is demonstrated in several parts of the strategy document.

This prejudice against the 64+ population would be unfortunate but not fatal to the economic strategy if the bias did not create a barrier to any consideration of how the district’s existing attraction to older people can be built on as part of the economic development strategy.

By deliberately choosing to marginalise any consideration of the economic benefit of the district’s older population, the Strategy has ensured that none of the future implementation plans will explore opportunities for maximising the benefit of retired people and the “retirement industry” to the district’s economic development.

Indicators of bias against 64+

Outlined below is the evidence in the document which demonstrates a clear prejudice against recognising the economic value of the retirement sector including in the strategy.

1. Choice of statistical indicators

We note the Strategy’s heavy dependence on bare statistical information and the lack of any attempt to analyse the statistical information provided. We are not convinced by the evidential value of the statistics chosen and, in particular, are concerned that the choice of indicators not only fails to provide an appropriate set of basis line data for future monitoring but also demonstrates a bias in favour of the earning capacity of the population as the sole indicator of economic activity.

On page 9 of the document seven indicators are advanced to show how the Kāpiti economy compares with the rest of New Zealand. It is always easy to question the evidential value of statistical data in an absence of any explanation of why the comparison is important, however, statistical indicators have been used which, when taken together, are clearly intended to suggest the older population does not contribute to economic development.

1. Standard of living: only two statistical indicators are used to illustrate the standard of living in the Kāpiti District: mean annual earnings and housing affordability. It is usual to find a broader selection of indicators used in reports from central government agencies¹ the choice of which is dependent on the purpose for which the data is being used. Given indicators of standard of living are a matter of choice, in the absence of any explanation, it is unclear why housing affordability is of particular significance given it may be expected that housing would be costly in an area which is attracting more affluent people, many of whom may be older. Of more concern is the use of a mean annual earning indicator if that statistic reflects only market earnings, possibly from employment, may not include income from sources other than employment and does not reflect either expenditure or income inequality. These indicators, therefore, are of questionable value and, given the emphasis on employment status in the other indicators used, may

¹ See, for example, Ministry of Social Development *The Social Report 2010* (<http://socialreport.msd.govt.nz/documents/economic-standard-of-living-social-report-2010.pdf>) which uses five economic indicators to describe the standard of living in New Zealand: market income per person, income inequality, the population with low incomes, housing affordability and household crowding or Statistics New Zealand (http://www.stats.govt.nz/browse_for_stats/snapshots-of-nz/nz-social-indicators/Home/Standard%20of%20living.aspx) which cites a different group of statistical data to illustrate standard of living: disposable income per person, real household consumption expenditure, housing affordability, income inequality, proportion of population with low incomes.

actually be skewed towards valuing only employment related incomes.

2. The dependency ratio. The dependency ratio is used by agencies such as the Treasury and Statistics New Zealand to describe population composition. As Statistics New Zealand points out, the term 'dependency' does not necessarily imply financial or economic dependency, as those aged 65+ are generally living longer, are healthier, and are working longer². The ratio is completely neutral as to whether or not an ageing population is a negative social or economic factor: it is merely a descriptor. It is not wrong to include the ratio in this strategy document, but the choice of other indicators suggests the strategy has used the dependency ratio not as a neutral descriptor but as a negative indicator to suggest older people are “dependent”, and that Kāpiti is economically challenged because it has more “dependent” people than the rest of New Zealand.
3. Population over the age of 65. The next statistical indicator serves to emphasise the proportion of older people in the Kapiti population. Again, it is a descriptor based on age. In itself, it says nothing about economic contribution to a district and cannot be taken as a measure of economic value.
4. Working age population. This third statistic, of course, is another broad population descriptor that, on its own, says very little about who is contributing to the Kāpiti economy and how. For example, can it be taken that a significant proportion of the people in this cohort are contributing to the local economy through local employment, or are there a number who are in tertiary education or are working outside the Kāpiti district? If so, how are these people contributing to the economy in the Kāpiti district?

²http://www.stats.govt.nz/browse_for_stats/population/estimates_and_projections/NationalPopulationProjections_HOTP2011/Commentary.aspx

These indicators provide very little information against which to assess whether or not the aging population is, indeed, a challenge and, if so, whether it is more of a challenge in Kāpiti than in other parts of New Zealand.

The choice of indicators suggests two assumptions have guided the proposed economic strategy:

- Workforce participation is taken as the sole indicator of economic value;
- That increasing local workforce participation is the only way to strengthen the local economy.

Both these assumptions are questionable.

Workforce participation is one factor of economic value; there are others. For example, there are demand-side factors, such as purchasing power and the need for a range of services. Older people, for example, use the “higher value-adding knowledge-based services” not only of health professionals but also lawyers, accountants, engineers and architects. They develop, buy and sell property. They follow leisure pursuits which require goods and services. They use plumbers, electricians, hairdressers, and auto mechanics. They buy a range of consumer goods and, most importantly, they are most likely to buy locally. Only minority live in residential care and require assistance. Although more people will be living on fixed incomes, it is likely the disposable income enjoyed by the older population will be spent locally and the volume of local spending by the older demographic will be significant.

There is no reason why developing the economic contribution of the retirement sector should not be given equal strategic importance as developing the contribution of businesses in other sectors.

2. The aging population is a “challenge”

Clearly placing the aging population and lack of workforce participation at the head of the list of challenges on Page 7 is indication of a view that

older people are of limited economic value because they do not work. It is this view, and its implications for economic development strategy in the district, that we are challenging and the proposed word changes on page 7 do not alter this view and do not broaden the strategy to include recognition of the potential economic value of the retirement sector.

Similarly the wording changes proposed for page 9 – *More balance population* – do not grasp the main concern. We again question the value of referring to the “working age” population without more discussion of how many in that cohort are actually working locally and without a better discussion of other key economic factors, such as the relationship between workforce participation, consumption, productivity and economic growth. As an aside, and in the interests of good writing style, we suggest that if the changed wording is included in any published document the unnecessary words “do” and “does” are edited out of the paragraph.

It is clear that not only is there no intention to see the older population as anything other than a challenge, but also the only strategy proposed to address this “challenge” is to attract and retain “younger talent” . Other challenges are to be addressed within the scope of the strategy. For example, the level of self-employment and the number of small business units in the district are also characterised as a challenge. It is significant that the strategy proposes tactics to address this challenge. There are a number of references to continuing to support small businesses even though the strategic focus will be on attracting larger businesses. There is no similar proposal to address the apparent “challenge” created by the aging population, either by ensuring the older population has the capacity to fill potential workforce gaps or by treating older people as a potential economic advantage. Given the inevitably growing demographic imbalance will not only create strong competition for younger talent, will increase the number of people retiring to the district and will also place significantly more economic power in the hands of an older population, this myopic approach flies in the face of demographic and economic reality.

3. Focus areas make no mention of the older population

The failure of any of the focus areas set out on page 12 to make any mention of retired people or of the retirement industry also demonstrates this bias against older people. It is significant that what could loosely be termed the “retirement industry” will not be part of the sector support initiative, nor are potential older residents amongst the audience to be targeted in any campaign to “position” Kāpiti.

4. Deliberate exclusion of “undoubted” opportunities from strategic outcomes

It is inexplicable why the document deliberately and openly chooses to overlook opportunities arising from the existing attraction the Coast holds for older people. The strategy acknowledges there are opportunities. We note that, on page 9 the Strategy previously said: *While an older population undoubtedly presents opportunities for the District,* The new wording still marginalises these opportunities by referring to “niche” opportunities. It appears this assessment of what these opportunities may be is based on current knowledge and there is no recognition of the radical changes that are likely to result from the revolutionary change in population composition that is underway. As the older population and the retirement sector grow in social and economic importance, it is likely goods and services for the older population will become increasingly more mainstream commercial activities. The wording changes do nothing to address the gap in the strategy created by its refusal to place any importance on exploring economic opportunities arising from the older population.

This is a significant oversight in the Economic Development Strategy for the Kāpiti Coast district.

Conclusion

Deliberately marginalising retirement sector economic opportunities sends a clear signal that fostering business opportunities catering for the older demographic are not seen as being strategically important. This

oversight, coupled with the clear characterisation of older people as being of marginal economic values effectively ensures that any future implementation plans will not incorporate measures to strengthen and extend the value of the grey dollar to Kāpiti's economy. Deliberately ignoring an existing economic advantage creates a weakness in the economic development strategy. There is no explanation for this deliberate omission, other than the prejudiced attitude against the older population which permeates the document and is demonstrated not only in the words used but in the choice of evidence on which the strategy is based.

We understand the Economic Development Strategy may already have been published. If that is the case, then changes to the document to actively acknowledge the strategic value of the retirement sector as we have suggested cannot be made. Nevertheless, the implementation planning stage is clearly the time at which this significant omission can be addressed.

Recommendations

1. We urge the Working Group to recognise that marginalising the economic importance of the retirement sector in the Kāpiti district is a major oversight and recommend this gap is filled at the implementation planning stage.
2. We suggest implementation planning should include working with retirement sector stakeholders, particularly commercial interests, to identify approaches and activities which would encourage retirement-base industries and maximise their potential for developing the district's economy.