

People, place and prosperity: The case for a population strategy

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Our name, Koi Tū, was gifted by Ngāti Whātua Ōrākei. Koi means "the sharp end of an arrow" and "to be bright and clever," while Tū means "to stand" and conveys resilience. Like our namesake, Koi Tū aims to get to the heart of the most pressing long-term issues.

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Table of contents

Table of contents	3
Executive summary	4
New Zealand’s demographic future	5
1. Slowing population growth	5
2. Declining fertility	9
3. Growing reliance on immigration	11
4. An ageing population	14
5. Growing ethnic and cultural diversity	17
The case for a population strategy for New Zealand	21
What do we mean by population strategy?	21
What is the value of a population strategy?	22
A way forward	25
The enabling environment of a population strategy	25
Leadership of a population strategy	25
Elements of a population strategy	26
Concluding remarks	28

Executive summary

New Zealand is at a demographic inflection point. The number and characteristics of the people in our country, regions and cities are very different today from what they looked like ten years ago. Our demography will change significantly again over the course of another decade.

New Zealand's demographic future will be defined by slowing population growth, driven in the first instance by declining fertility and a growing reliance on immigration as the major, if not only, source of population growth. Slowing population growth will be reinforced by the rapid ageing of the New Zealand population. Within several decades, a quarter of all New Zealanders will be 65 or older, a situation unheard of in our history. Many regions will exceed the threshold for hyper-ageing, with over-65s making up more than 30% of their respective populations. In addition, high rates of immigration since 2013 (with some dips) have added to the ethnic and cultural diversity of New Zealand, especially in younger age groups. Today, diversity is no longer something that arrives from abroad, it is embedded in our demography, given the ethnic and cultural diversity of new generations of New Zealanders.¹

Koī Tū's vision for this future New Zealand is of a cohesive, prosperous and resilient country that proactively tackles long-term challenges. We wish to see a country that has regained its economic productivity while ensuring that societal resilience, both nationally and in relation to specific communities, is enhanced. Societal resilience has long been one of our greatest assets, yet it is in a fragile state and requires a sustained effort to maintain.²

Our rapidly changing demography carries risks and opportunities that will shape our ability to realise the overall goal of a prosperous future. Labour shortages and skill gaps brought about by falling fertility, the exit of an older population from the workforce, and growing global competition for workers and talent threaten our already falling productivity. An ageing population, along with changing dependency ratios (the ratio of non-working age dependents to working-age population), place additional pressure on public finances as an increased need for public services runs up against a shrinking workforce. Growing ethnic diversity presents unique opportunities for innovation, creativity and problem-solving. But, as we have seen elsewhere, it also represents a point of fracture and division if underlying anxieties are not addressed.

At such a significant demographic inflection point, this report makes the case to government decision-makers for the development of a coherent, consistent and bipartisan population strategy that will help the country address the challenges and realise the opportunities inherent in our changing demography. Sadly, much of the current discussion is dominated by short-term partisan considerations at the expense of a prudent approach to the future. A population strategy, spearheaded by a new population commission and informed by evidence and engagement from wider government, research institutions, industry and civil society, would be the first step to prepare New Zealand to thrive amongst demographic change.

In this paper, we define population strategy as a long-term national plan that considers demographic trends and brings together the different elements of a changing demography to address the broader implications of these changes. A population strategy considers evidence relating to all the elements of our changing demography: rapid ageing, declining fertility, the growth and decline trajectories for different regions, and the growing reliance on immigration as

1 Eaquib, S. (2026, January 21). Auckland just reached a major demographic turning point. *The Spinoff*. <https://thespinoff.co.nz/society/21-01-2026/auckland-just-reached-a-major-demographic-turning-point>

2 Gluckman, P., & Sridhar, H. (2025). *Social Cohesion: New Zealand's Precious and Fragile Asset*. Koī Tū Centre for Informed Futures. <https://informedfutures.org/social-cohesion-new-zealands-precious-and-fragile-asset/>

a major source of both population growth and labour supply to understand the overall story of demographic change. The value of a population strategy lies in its ability to remove topics that are important yet difficult from a politically charged arena, to elevate planning beyond a three-year election cycle, and to enable interdisciplinary strategies and systems-level thinking.

This paper does not attempt to provide the detailed contents of a population strategy. Instead, it makes the case for a population strategy and articulates the need for a coherent, long-term response to demographic challenges and opportunities. Further cross-sector engagement is needed to formulate the contents of a strategy, including relevant policies, sequencing and review mechanisms. To assist with framing, this paper offers several elements that a new population commission could initially consider when developing a population strategy. The elements are wide-ranging, from human capital investment to societal resilience planning.

New Zealanders deserve a long-term, consistent strategy to lift economic productivity and ensure societal resilience. Demographic change directly impacts both elements, making a comprehensive population strategy now essential.

New Zealand's demographic future

1. Slowing population growth

New Zealand's population is forecast to grow by over one million people over the next two decades, although forecasting this number with precision is difficult. As illustrated in Figure 1, predictions from Stats NZ suggest that New Zealand's population will grow from 5.34 million in 2025 to 6.53 million by 2048.³ Population forecasts rely on predictions related to natural increase (the difference between the number of births and the number of deaths) and migration. Both factors are vulnerable to volatility, and baseline assumptions may prove to be untrue in hindsight. Although exact population forecasts must be treated with a healthy degree of caution, it remains important to consider the impacts of population growth for long-term policy planning.

A growing population brings with it both opportunities and challenges. On one hand, it can help the government manage its fiscal pressures by broadening the overall tax base. On the other, a larger population intensifies infrastructure demands, particularly in housing, transport and essential services.⁴ Indeed, analysis by the New Zealand Infrastructure Commission suggests that demand for infrastructure investment will increase from around \$20 billion in 2025 to slightly more than \$30 billion by the 2050s (in 2023 NZD terms).⁵ This is equivalent to an infrastructure investment of around 5.8% of GDP annually over the next 30 years to meet infrastructure demand driven by factors like population growth.

However, any plans to cater to a larger population will be complicated by a slowing population growth rate. Slowing population growth will likely be driven by a falling total fertility rate (TFR) and volatile immigration (explored in detail in Sections 2 and 3). Indeed, annual growth dropped to 0.7% between June 2024 and June 2025 from 1.7% between June 2023 and June 2024.⁶ As seen in Figure 1, growth rates have also been volatile in the past three decades (likely in part

3 Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)–2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>; based on 50th percentile data.

4 New Zealand Treasury. (2025). *He Tirohanga Mokopuna Long-term Fiscal Statement 2025*. <https://www.treasury.govt.nz/sites/default/files/2025-09/lfts-2025.pdf>

5 New Zealand Infrastructure Commission. (2025). *Infrastructure Needs Analysis*. <https://tewaihanga.govt.nz/our-work/research-insights/infrastructure-needs-analysis>; Sense Partners. (2022). *New Zealand's infrastructure challenge: Quantifying the gap and path to close it*. <https://tewaihanga.govt.nz/our-work/research-insights/new-zealand-s-infrastructure-challenge-quantifying-the-gap-and-path-to-close-it>; as cited by New Zealand Treasury (2025). *He Tirohanga Mokopuna Long-term Fiscal Statement 2025*. <https://www.treasury.govt.nz/sites/default/files/2025-09/lfts-2025.pdf>

6 Infometrics. (2025, February 25). *Regional Economic Profile New Zealand Population growth*. <https://regions.infometrics.co.nz/new-zealand/population/growth>

due to major shocks like the Global Financial Crisis and COVID-19 Pandemic), thereby increasing uncertainty around long-term planning.

Slowing growth impacts the country's ability to provide for a growing population by reducing the extent to which growth in the working population can be relied upon to ease immediate fiscal pressures. While investment and infrastructure are still required for a growing population, any associated expansion of the tax base will occur more slowly, dragging out the rate of return. Slowing population growth also accelerates population ageing (explored in Section 4), further constraining the tax base while increasing the proportion of people reliant on publicly funded services and superannuation. A growing reliance on publicly funded services is reflected in New Zealand's dependency ratio (the ratio of people typically not in the labour force to those typically in it), which is forecast to rise from 54% in 2025 to 73% in 2073.⁷ Ultimately, New Zealand faces a double-edged sword of a growing population that requires more upfront investment but also a probable slowing growth rate that will draw out any expected revenue returns and increase costs to the state. If New Zealand cannot rely on population growth to offset fiscal pressures, policy-makers may need to consider revenue reforms to ensure financial stability and sustainability in the long term.



Figure 1: New Zealand population size and annual growth 1996–2048 (projection).⁸

7 Stats NZ. (2020, December 8). *National population projections: 2020(base)–2073*. <https://www.stats.govt.nz/information-releases/national-population-projections-2020base2073/>; Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)–2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>; 2025 data from Stats NZ (2025), 2073 data from Stats NZ (2020).

8 Infometrics. (2025, February 25). *Regional Economic Profile New Zealand Population growth*. <https://regions.infometrics.co.nz/new-zealand/population/growth/>; Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)–2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>; data from 1996 to 2025 from Infometrics data, data from 2026 from Stats NZ 50th percentile data

Is population growth essential for New Zealand?

Population growth and whether it is inherently and inevitably good is a debate that was prompted by American biologist Paul Ehrlich. In his 1968 book *Population Bomb*, Ehrlich raised concerns about population growth and argued for limiting it. In the context of what has been labelled the 'age of depopulation' and the ongoing pressure on the environment, the issue of population growth, and the nature and impacts of growth, remain a live debate. On one hand, population growth can raise total economic output by increasing the number of workers and consumers. On the other, population growth does not guarantee an equal increase in living standards person to person. This suggests that population growth alone may not be sufficient to generate prosperity.

In this context, population growth should be viewed as one of several levers that may, in conjunction with others, support prosperity. For New Zealand, population growth, especially in the working-age population, helps support existing and future retirement provisions by maintaining a sustainable workforce relative to dependents.

If population growth cannot be sustained (e.g., by improving fertility rates or by attracting immigrants), it would be prudent for decision-makers to consider other solutions to sustain prosperity. Indeed, many developed liberal democracies are facing the reality of a declining population. Subsequently, the assumption of indefinite population growth (sustained largely by immigration) will need to be tested against alternative solutions. Solutions could include improvements to productivity (e.g., via innovation and technological adoption) or changes to retirement provisions. However, each of these solutions would have implications for workforce planning and the country's social contract, necessitating careful consideration.

Box 1: Is population growth essential for New Zealand?

Population growth rates are further complicated at the regional level as the story differs between metro, provincial and rural areas.⁹ As seen in Figure 2, metro areas experienced significant volatility in growth rates during and immediately following COVID. Growth was impacted by negative internal migration as people left metro areas, although this had eased considerably by late 2025. Since 2023, metro areas have seen a stabilisation of internal migration (though still negative), while continuing to benefit the most from international migration, as seen in Figure 3. Essentially, people in metro areas are starting to stay put, while international immigration (remaining volatile), drives population growth within them. Today, Auckland, Christchurch and Hamilton represent the three fastest growing city council areas.¹⁰ Policy for metro areas must subsequently keep up with growing infrastructure, service and healthcare demands.

In contrast, provincial areas have seen relatively steady growth rates (still with some fluctuation around major global events). At times, growth in provincial areas has even matched, or indeed, outperformed in the case of our COVID years, growth in metro areas. As seen in Figure 3, growth in provincial areas since 2019 has primarily been driven by international migration (although metro areas continue to benefit the most from international migration). Growing international migration to the provinces speaks to the changing identity of these areas, which brings with it

9 Regional groupings are made up of groups of Territorial Authorities based on that area's characteristics. Specific groupings can be found at <https://regions.infometrics.co.nz/metro-areas/notes#regional-groupings>

10 Stats NZ. (2025, October 29). *Subnational population estimates: At 30 June 2025*. <https://www.stats.govt.nz/information-releases/subnational-population-estimates-at-30-june-2025/>

unique policy considerations for societal resilience, infrastructure and public services (detailed further in Section 5).

In further contrast, New Zealand’s rural areas are shrinking, posing a unique set of policy considerations for decision-makers. Rural areas have continuously experienced low growth rates, even experiencing periods of population decline between 2001 and 2013, and again since COVID, as seen in Figure 2. Concerns are rising that rural regions are hollowing out as younger adults migrate away, leaving an ageing population with limited internal and international migration to offset population decline. Policy makers must subsequently consider how to service smaller communities and support rural businesses.

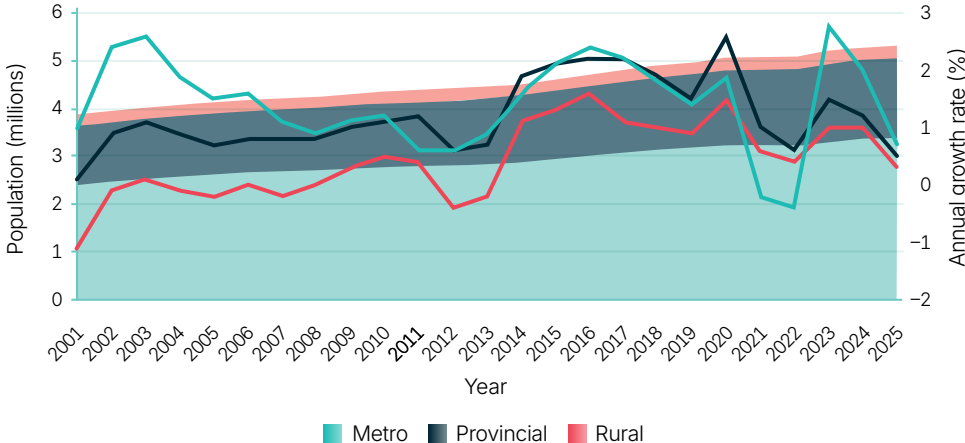


Figure 2: New Zealand population size and annual growth by area 2001–2025.¹¹

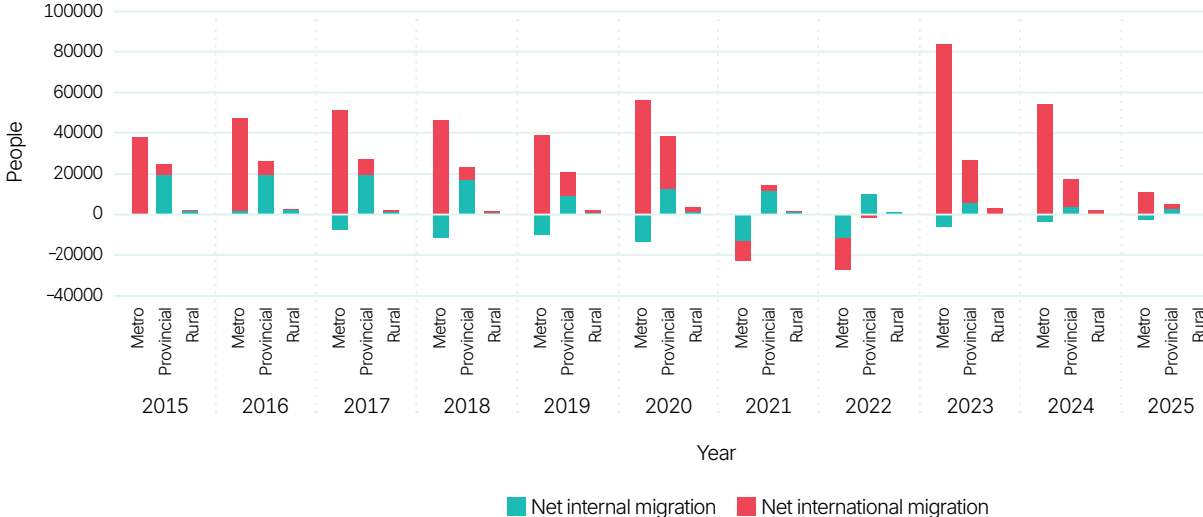


Figure 3: New Zealand migration by area 2015–2025.¹²

11 Infometrics. (2025). *Regional Economic Profile | Population growth*. <https://regions.infometrics.co.nz/auckland/population/growth?compare=metro-areas,provincial-areas,rural-areas>

12 Infometrics. (2025). *Regional Economic Profile | Source of population growth*. <https://regions.infometrics.co.nz/auckland/population/source-of-growth?compare=provincial-areas,rural-areas,metro-areas>

2. Declining fertility

Population growth is primarily driven by two factors: natural increase and migration. Natural increase is reflected in the country's total fertility rate (TFR), the average number of children a woman will have over her lifetime. As seen in Figure 4, New Zealand's TFR rapidly declined between the 1960s and 1980s, likely due to increased access to contraception and the empowerment of women through education and increased workforce participation. Since the 1980s, the country's TFR has fluctuated just above or below the replacement fertility rate of 2.1, the number needed to maintain the current population size by replacing two adults with two children, on average (putting migration to one side). However, since roughly 2014, the country has experienced a further and now rapid decline in TFR, reaching 1.55 in 2025.¹³ A complex range of social, cultural and economic factors have likely driven continued decline (explored in Box 2).

New Zealand is not alone in its fertility challenges. Fertility rates in high-income countries averaged 1.6 in 2022.¹⁴ Today, two-thirds of people on Earth live in a country with below-replacement fertility. By 2100, the total population in several large economies will decline by 20 to 50%.¹⁵ Although declining TFR is a global issue, almost no country has thus far been successful in reversing it with sustained success. This reflects not only the complexity of the issue, but also the possible reality that reversing declining fertility is not realistically feasible.

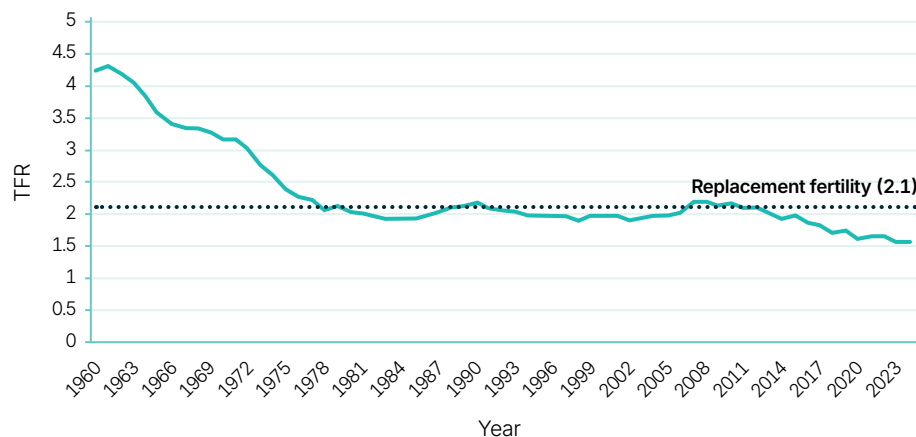


Figure 4: New Zealand's total fertility rate (TFR) 1960–2024.¹⁶

13 Statistics New Zealand. (2026). *Births and deaths: Year ended December 2025 (including abridged period life table)*. <https://www.stats.govt.nz/information-releases/births-and-deaths-year-ended-december-2025-including-abridged-period-life-table/>

14 Binning, A., Mckenzie, S., Özbilgin, M., & Smith, C. (2024). *Analytical Note 24/08 – New Zealand demographics and their role in an overlapping generations model – September 2024*. New Zealand Treasury. <https://www.treasury.govt.nz/sites/default/files/2024-09/an24-08.pdf>

15 Madgavkar, A., Canal Noguer, M., Bradley, C., White, O., Smit, S., & Radigan, T. J. (2025). *Dependency and depopulation? Confronting the consequences of a new demographic reality*. McKinsey Global Institute. <https://www.mckinsey.com/mgi/our-research/dependency-and-depopulation-confronting-the-consequences-of-a-new-demographic-reality>

16 Wikimedia Commons. (2025, October 27). *Data: New Zealand TFR.tab* [Dataset]. Wikimedia Commons. https://commons.wikimedia.org/wiki/Data:New_Zealand_TFR.tab

The drivers of declining fertility rates

Several factors, both positive and negative, have driven a decline in TFRs nationally and globally. Increased female education and workforce participation have empowered women to delay or reconsider motherhood. Looking nationally, in 1990, 60% of women in New Zealand worked. By 2024, that number had increased to 80%.¹⁷ Simultaneously, greater availability of the contraceptive pill and sexual education have increased female agency. Social norms regarding childbearing have also shifted from an expectation of near universal parenthood to a more intentional and voluntary decision.

However, economic pressures and cost-of-living factors, including the cost of housing, education and child rearing, have also reduced or altered choices about having children. One in four New Zealanders reported finding it difficult to manage financially in 2025, with nearly half concerned about job security and a vast majority expecting an increase in household spending.¹⁸ At the same time, New Zealand house prices have significantly outpaced wage growth over the past two decades, with one third of low-income households now spending over 40% of their income on housing costs.¹⁹ Together, these financial constraints transform parenthood from a personal choice into an economic calculation where people who want to raise children may reconsider or find themselves financially unable to do so.

Additionally, a growing lack of sufficient or quality childcare options may also limit choices about raising children. New Zealand lags global peers when it comes to paid paternal leave. While the government offers 26 weeks of paid leave, this must be shared between parents (in comparison to other countries where there may be separate leave for the non-primary parent). The maximum pay for parental leave equates to just over \$780 a week, an amount that falls below the minimum wage. A decline and fragmentation in 'community-based' child rearing also signals a reduction in the support needed to raise healthy and happy children.²⁰

Finally, growing evidence suggests Millennials and Gen Z are experiencing a 'crisis of confidence' that further impacts decisions regarding child rearing. In the United Nations Population Fund 2025 State of World Population report, young people expressed concerns about the social, economic and environmental trajectory of the world, with many expecting to experience worse outcomes than their parents.²¹ These concerns will likely be reflected in the choices they make about raising families, and whether they believe doing so would be 'good' for the planet.

Taken together, today's economic and social factors combine to create very different decisions about fertility amongst New Zealanders. In some cases, there is a decision not to have any children at all. Another option is the proverbial 'one and done' where individuals elect to have only one child. A further option still is to delay the first or any subsequent births. Regardless, modern decisions about fertility signal significant shifts in the ways in which family is understood and practised, as well as attitudes towards fertility, children and timing.

Box 2: The drivers of declining fertility rates.

17 Binning, A., Mckenzie, S., Özbilgin, M., & Smith, C. (2024). *Analytical Note 24/08 – New Zealand demographics and their role in an overlapping generations model – September 2024*. New Zealand Treasury. <https://www.treasury.govt.nz/sites/default/files/2024-09/an24-08.pdf>

18 Hercock, C., & Dudding, A. (2025). *Understanding Aotearoa New Zealand: Cost of Living*. Ipsos. <https://www.ipsos.com/en-nz/understanding-aotearoa-new-zealand-cost-living-report-2025>

19 Stats NZ. (2025, February 20). *Household income and housing-cost statistics: Year ended June 2024*. <https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2024/>

20 See the work of the Village NZ: <https://thevillagenz.org/>

21 United Nations Population Fund. (2025). *The Real Fertility Crisis: The Pursuit of Reproductive Agency in A Changing World: State of World Population 2025*. <https://www.unfpa.org/swp2025>

Declining fertility plays a central role in shaping New Zealand's demographic profile, with clear flow-on policy implications. A sustained decline in New Zealand's TRF will lead to smaller birth cohorts, which over time will reduce the total number of young people in the population (ignoring any impacts of migration). Fewer young people will shrink education cohorts, with primary school rolls forecast to decrease by 7% (a decline of roughly 36,700 children) from 2024 to 2034 and secondary school rolls forecast to decrease 6% (a decline of roughly 20,000 children) from 2026 to 2034.²² Smaller education cohorts will require structural adjustments to education funding and infrastructure. A declining TFR also contributes to an ageing population by shrinking the proportion of young people relative to older adults. An ageing population increases pressure on social services, health care and superannuation, the full implications of which are explored in Section 4.

Declining fertility also has implications for New Zealand's economy by potentially reducing the number of new entrants into the labour market. Data from Stats NZ shows that, although New Zealand's labour force is expected to grow from roughly 3 million to 4 million between 2024 and 2053, its growth rate is expected to slow in the long term. From 2045 onwards, age-structure changes are expected to reduce labour force growth, contributing to an average decline of 4,800 people per year.²³ Indeed, Business New Zealand predicts that by 2045, New Zealand will face a labour shortage of 250,000 people, constraining productivity and sectoral capacity.²⁴ Without compensating measures (such as immigration and workforce innovation), a declining TFR will increasingly shape New Zealand's economic trajectory.

3. Growing reliance on immigration

New Zealand is fortunate that immigration to this country is almost entirely through formal means. The state of immigration in New Zealand is in sharp contrast to many other developed countries, which confront illegal immigration along with its political, economic and social implications. In New Zealand, nearly all immigrants are selected and approved for residency through the allocation of points and by meeting a number of requirements, specifically in relation to the labour market. This points system is shared with Canada and Australia. All three countries have a history of being an immigrant destination with relatively high levels of social license for immigration and immigrants, although this has started to wane in recent years. It would be a mistake to conflate issues from other countries, as seen through the lens of news and social media, with New Zealand's own situation. Nevertheless, immigration can easily become a flashpoint for domestic partisan politics.

In light of New Zealand's falling fertility (and the difficulties of reversing the trend), immigration now plays an even more crucial role in growing both our workforce and population. However, immigration has been volatile over the past decade, as seen in Figure 5. Fluctuating immigration is partly a response to major shocks such as the pandemic, but also to soft economic indicators including unemployment/underemployment and business confidence. The results were seen during the Global Financial Crisis and more recently in 2024 and 2025, when the net gain from immigration dropped significantly as fewer immigrants arrived and many more left to live and work offshore. This was compounded by the significant number of New Zealand citizens who

22 Education Counts (2025, March). *National School Roll Projections*. <https://www.educationcounts.govt.nz/statistics/national-school-roll-projection>

23 Stats NZ. (2025d, June 25). *National labour force projections: 2024(base)–2078*. <https://www.stats.govt.nz/information-releases/national-labour-force-projections-2024base-2078/>; based on 50th percentile data. Average over the projection period from 2025 to 2078.

24 BusinessNZ Network. (2025). *New Zealand 2050: A Long-Term Vision*. https://businessnz.org.nz/wp-content/uploads/2025/11/BNZ015-Future-Vision_v3.pdf

emigrated. While immigration volatility is expected to continue in the coming years, it remains likely that with falling fertility rates, immigration will come to be the most significant contributor to New Zealand’s workforce and population growth.

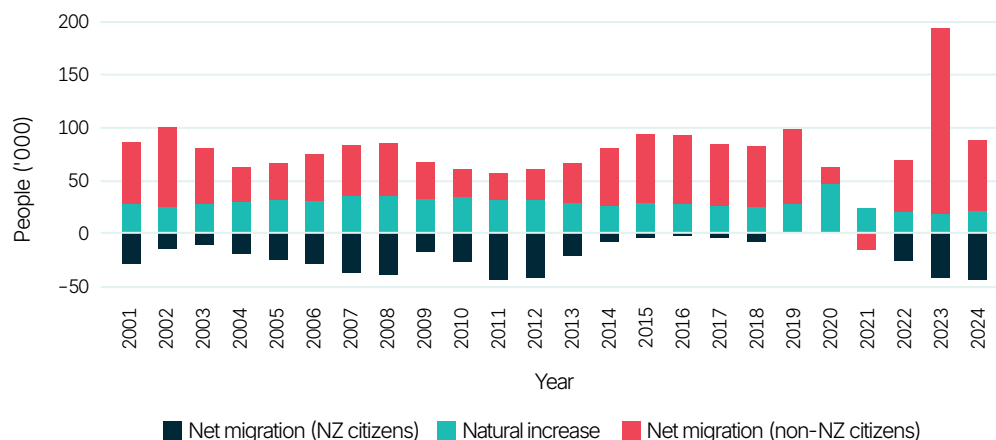


Figure 5: Contributors to New Zealand population growth 2001–2024.²⁵

Immigration already plays an important role in making up for shortfalls in New Zealand talent and labour. New Zealand’s visa scheme is designed to fill specific skill shortages. In 2021, the New Zealand Productivity Commission identified that around half of all residence approvals were in the skilled migrant or business visa categories. Medical, teaching and technology industries in particular benefit from skilled migrants who fill gaps in their workforces. For example, submissions to the Commission reported that international medical graduates made up 43% of the New Zealand specialist workforce. Migrants also made up 40% of the 5000 nurses employed in the aged care sector.²⁶ Immigrants are employed across a range of industries in New Zealand, contributing not only to workforce numbers but also to diverse knowledge and expertise.

The contribution of immigrants to workforce shortages challenges the idea that immigrants take jobs away from local populations. The New Zealand Productivity Commission found in 2022 that immigration has had, on average, a small and mostly positive effect on the wages and employment of New Zealanders over the last 20 years.²⁷ At the same time, it found evidence that immigration can have some negative impacts on employment for certain populations in particular places at times (predominantly in relation to buoyant phases of the economic cycle). The relationship between immigration and job supply, and the real implications it has for locals and immigrants, reflects the need for a strategy that is driven by data and analysis rather than anecdote and political narratives.

25 Stats NZ. (2025, December 10). *International migration: October 2025*. <https://www.stats.govt.nz/information-releases/international-migration-october-2025/>; Stats NZ. (2024, February 19). *Lowest natural increase in 80 years*. <https://www.stats.govt.nz/news/lowest-natural-increase-in-80-years/>; Stats NZ. (2025, February 18). *National population estimates: At 31 December 2024 (2018-base)*. <https://www.stats.govt.nz/information-releases/national-population-estimates-at-31-december-2024-2018-base/>; data reflects December years

26 New Zealand Productivity Commission. (2021). *Impacts of immigration on the labour market and productivity*. Working paper 2021/05. <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-wp-impacts-of-immigration-on-the-labour-market-and-productivity.pdf>

27 New Zealand Productivity Commission. (2022). *Immigration – Fit for the future*. Final report. <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-inq-is-immigration-fit-for-the-future.pdf>

Immigration, GDP growth and productivity

Generally, immigration can increase the GDP of a country by increasing the labour force and boosting consumption. However, immigration does not necessarily lead to an automatic increase in productivity (output per hours worked). On one hand, immigration can increase productivity by filling labour shortages, bringing new skills and supporting innovation (while necessitating short-term costs like physical and community infrastructure). On the other, immigration can decrease productivity if population growth outpaces investment in infrastructure and housing. Indeed, the New Zealand Productivity Commission concluded in 2022 that immigration is neither the cause nor solution to our productivity challenge. Workforce growth (including via immigration) must be supported by improvements in capital intensity and innovation.²⁸

The complex relationship between immigration and productivity gains speaks to the need for interdisciplinary, long-term policy responses to workforce, infrastructure and immigration planning rather than short-term, 'knee-jerk' adjustments to immigration settings. Consideration must also be given to the extent that new technology, including AI, will shape New Zealand's future workforce, including the skills it needs and its composition.

Box 3: Immigration, GDP growth and productivity.

Immigration also plays an important role in population growth in light of emigration. Since 2022, New Zealand has seen an increase in the number of New Zealand citizens moving offshore. 2024 saw the largest net migration loss of New Zealanders in 25 years, totalling roughly 44,000 people.²⁹ The combination of the net loss of New Zealanders who emigrate, along with declining fertility rates, means that New Zealand remains reliant on immigrant labour to make up for workforce shortfalls and population growth (in lieu of action to retain our population and workforce).

Brain drain or brain gain?

Due to immigration requirements, New Zealand has a good understanding of the skills and education of immigrants entering the country. Combined with our understanding of the local population, we know that for at least the past 30 years, the flow of permanent migrants into New Zealand has been more skilled on average than the local population.³⁰

However, beyond anecdotes, our knowledge is limited regarding the skills and education of New Zealand citizens leaving the country. Subsequently, while it is true that New Zealand has seen a net increase in New Zealand citizens moving abroad since roughly 2022, it is difficult to evaluate whether the country is experiencing a 'brain drain,' as reported on in the media, a 'brain gain,' or even a 'brain exchange.' Indeed, some more dated evidence suggests that those coming into the country are as educated, if not more educated, than those leaving.³¹ Koi Tū will be releasing a paper evaluating the brain drain in the first half of 2026.³²

Box 4: Brain drain or brain gain?

28 New Zealand Productivity Commission. (2022). *Immigration – Fit for the future. Final report*. <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-inq-is-immigration-fit-for-the-future.pdf>

29 Stats NZ. (2025, December 10), *International migration: October 2025*. <https://www.stats.govt.nz/information-releases/international-migration-october-2025/>; based on December years

30 New Zealand Productivity Commission. (2021). *Impacts of immigration on the labour market and productivity. Working paper 2021/05*. <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-wp-impacts-of-immigration-on-the-labour-market-and-productivity.pdf>

31 Carey, D. (2019). *Improving well-being in New Zealand through migration* [Economics Department Working Paper No.1566]. OECD. https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/09/improving-well-being-in-new-zealand-through-migration_011f9f44/f80dd3e3-en.pdf

32 Grant, C., Lala, G. & Gluckman, P. (2026). *Brain drain or brain gain?* [Preprint]. Koi Tū Centre for Informed Futures

Regardless of reasoning, New Zealand is not alone in its growing reliance on immigrant labour due to falling fertility. As other countries face similar workforce shortages to those in New Zealand, the global competition for talent will increase, impacting New Zealand’s ability to attract migrant labour. In the World Economic Forum’s 2025 Future of Jobs Report, 71% of employers (across 28 economies) expected competition for retaining talent and skills to drive decisions in designing wage and compensation policies over the period from 2025 to 2030.³³ Despite a recent rise of anti-immigrant policies in many advanced economies, we expect that the long-term impacts of declining TFRs and the subsequent shortfall in labour supply will result in ongoing and increased competition for offshore labour.

As competition for talent intensifies, there is growing concern that New Zealand will not be able to compete for global talent. Since 2015, New Zealand has fallen from 11th to 18th in the Global Talent Competitiveness Index (GTCI).³⁴ As seen in Table 1, New Zealand scored below the high-income group average across all six pillars of the GTCI (enable, attract, grow, retain, vocational and technical skills, and generalist adaptive skills) in 2025. New Zealand’s ability to attract talent was ranked 23rd out of 135 countries. Worse still, the country’s vocational and technical skills (mid-level capabilities that support the operational backbone of an economy and link education directly to employability) was ranked 58th out of 135. With declining fertility rates, New Zealand’s ability or inability to attract talent will likely play a determining factor in whether the country can continue to grow its workforce and its population. It is subsequently incumbent on decision-makers to consider settings to attract and retain global talent within the wider context of immigration, workforce and infrastructure (notably housing) planning.

Pillar	NZ rank (out of 135 countries)	NZ score	High-income group average score
Enable	10	75	83
Attract	23	68	91
Grow	16	59	71
Retain	15	77	88
Vocational and technical skills	58	54	74
Generalist adaptive skills	18	51	72

Table 1: New Zealand’s 2025 performance overview in the Global Talent Competitiveness Index.³⁵

4. An ageing population

New Zealand’s slowing population growth and declining fertility reinforce a further demographic trend: the rapid ageing of the population. By 2048, the proportion of New Zealand’s population forecast to be over the age of 65 is 22%, rising from 17% in 2025.³⁶ Overall, New Zealand’s peak age group and median age are shifting, with the ‘age bulge’ in the population shifting further towards older age over time. The result is that a growing proportion of the population are over 65-year-olds, seen in Figure 6 in the growing population ‘tail’. The population ‘tail’ is also forecast to extend as average life expectancy continues to increase. Subsequently, the growth

33 World Economic Forum. (2025). *Future of Jobs Report 2025*. https://reports.weforum.org/docs/WEF_Future_of_Jobs_Report_2025.pdf
 34 Global Talent Competitiveness Index. (2025). *New Zealand – Country Brief Global Talent Competitiveness Index (GTCI) 2025*. <https://www.globaltalentcompetitivenessindex.org/wp-content/uploads/reports/2025/countries/new-zealand.pdf>
 35 Data from Global Talent Competitiveness Index. (2025). *New Zealand – Country Brief Global Talent Competitiveness Index (GTCI) 2025*. <https://www.globaltalentcompetitivenessindex.org/wp-content/uploads/reports/2025/countries/new-zealand.pdf>
 36 Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)–2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>; based on 50th percentile data.

in those reaching the age of 65 will be paralleled by the significant growth in those aged over 85 (colloquially referred to as the 'old-old').

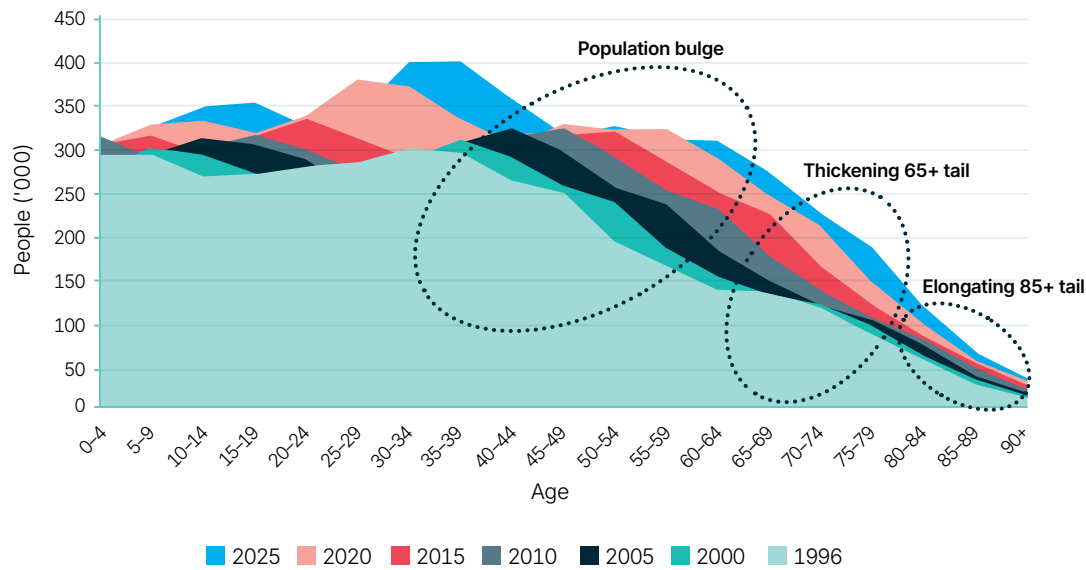


Figure 6: Age composition of New Zealand 1996–2025.³⁷

The ageing of New Zealand’s population will be felt differently across the regions, as illustrated in Figure 7. By 2048, Tasman, Marlborough, Nelson and the West Coast will vastly exceed the standard definition of hyper-ageing, with over 30% of residents expected to be aged 65+ by 2048.³⁸ Hyper-ageing in the regions has implications for both health care and infrastructure needs, explored further below.

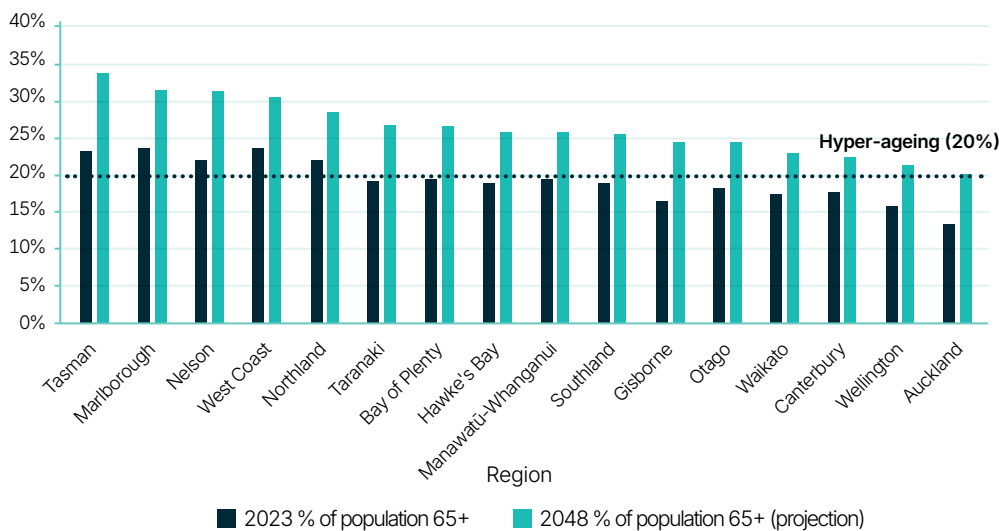


Figure 7: Percentage of New Zealand population aged 65+ by region 2023 and 2048 (projection).³⁹

37 Infometrics. (2025). *Regional Economic Profile | New Zealand | Age composition*. <https://regions.infometrics.co.nz/new-zealand/population/age-composition>

38 Stats NZ. (2022, December 12). *Subnational population projections: 2018(base)–2048 update*. <https://www.stats.govt.nz/information-releases/subnational-population-projections-2018base2048-update/>; Stats NZ. (2023). *Aotearoa data explorer. Census year 2023. Population 65+ by region*. [https://explore.data.stats.govt.nz/vis?tm=census%20age%20territorial%20authority&pg=0&snb=298&df\[ds\]=ds-nsiws-disseminate&df\[id\]=CEN23_POP_007&df\[ag\]=STATSNZ&df\[vs\]=1.0&dq=2023.12%2B13%2B14%2B15%2B16%2B17%2B18%2B01%2B02%2B03%2B04%2B05%2B06%2B07%2B08%2B09.999.4%2B99.99&to\[TIME\]=false&ly\[rw\]=CEN23_CNA_002&ly\[cl\]=CEN23_AGE_001](https://explore.data.stats.govt.nz/vis?tm=census%20age%20territorial%20authority&pg=0&snb=298&df[ds]=ds-nsiws-disseminate&df[id]=CEN23_POP_007&df[ag]=STATSNZ&df[vs]=1.0&dq=2023.12%2B13%2B14%2B15%2B16%2B17%2B18%2B01%2B02%2B03%2B04%2B05%2B06%2B07%2B08%2B09.999.4%2B99.99&to[TIME]=false&ly[rw]=CEN23_CNA_002&ly[cl]=CEN23_AGE_001)

39 Stats NZ. (2022, December 12). *Subnational population projections: 2018(base)–2048 update*. <https://www.stats.govt.nz/information-releases/subnational-population-projections-2018base2048-update/>; Stats NZ. (2023). *Aotearoa data explorer. Census year 2023. Population 65+ by region*. [https://explore.data.stats.govt.nz/vis?tm=census%20age%20territorial%20authority&pg=0&snb=298&df\[ds\]=ds-nsiws-disseminate&df\[id\]=CEN23_POP_007&df\[ag\]=STATSNZ&df\[vs\]=1.0&dq=2023.12%2B13%2B14%2B15%2B16%2B17%2B18%2B01%2B02%2B03%2B04%2B05%2B06%2B07%2B08%2B09.999.4%2B99.99&to\[TIME\]=false&ly\[rw\]=CEN23_CNA_002&ly\[cl\]=CEN23_AGE_001](https://explore.data.stats.govt.nz/vis?tm=census%20age%20territorial%20authority&pg=0&snb=298&df[ds]=ds-nsiws-disseminate&df[id]=CEN23_POP_007&df[ag]=STATSNZ&df[vs]=1.0&dq=2023.12%2B13%2B14%2B15%2B16%2B17%2B18%2B01%2B02%2B03%2B04%2B05%2B06%2B07%2B08%2B09.999.4%2B99.99&to[TIME]=false&ly[rw]=CEN23_CNA_002&ly[cl]=CEN23_AGE_001)

Overall, the concepts of ageing and who we perceive to be 'old' are changing, with New Zealanders living longer, healthier lives. Older New Zealanders often continue to work (whether by choice or due to economic circumstances), provide support for families and contribute to their communities. However, ageing also places increasing pressure on the government's expenditure to revenue ratio, health care and superannuation. These challenges are discussed below.

Starting with expenditure and revenue, as more New Zealanders reach 65+, the proportion of people drawing on public services and transfers will increase. Simultaneously, the share of those contributing to tax revenue will decline. This is because the government spends more on over-65-year-olds than it gains in tax revenue, a matter worth reflecting on in the debate about retirement age and superannuation. Notably, a decline in tax revenue may be partially offset by increased labour market participation from those aged over 65. Labour market participation of 65-to-69-year-olds was 10% in 1993, increasing to 49% in 2025.⁴⁰ However, even with an increase in labour market participation, analysis from Stats NZ suggests that the overall labour force participation rate is still forecast to fall, reaching 63.22% in 2073 compared to 70.5% in 2021.⁴¹ Subsequently, as the population ages, the government will be required to do more (including providing more services to more people) with less.

Turning to healthcare, a greater number of New Zealanders over the age of 65 will add to healthcare demands and costs. Health care expenditure almost always increases in later stages of life due to a correlation between ageing and the prevalence of poor health (particularly chronic disease and associated disability). According to the Treasury, the average person aged 65 or over costs New Zealand's public health system five times as much as the average person under 65.⁴² The average person aged 85+ costs the public health system five times as much as the average person aged 60–64.⁴³ As New Zealanders live longer, the cost of providing the necessary aged care, community services and mental health services will increase. Growing healthcare needs and costs will be particularly relevant for regions experiencing hyper-ageing, where increased services will need to be provided via a stagnant or shrinking rates base. Compounding these costs will be a growing technological divide, necessitating additional service considerations for an ageing population.

Finally, turning to superannuation, an ageing population will increase the cost of providing retirement income via New Zealand Superannuation (NZS). According to the Treasury, the number of New Zealanders receiving NZS is rising faster than the number of New Zealanders aged 15–64, the age bracket that pays the most tax revenue. In the 1960s, there were seven New Zealanders aged 15–64 for every Kiwi over 65. In 2025, this number reached four, and in 2065, it is anticipated that this number will reach two. The cost of NZS is anticipated to rise from 5.1% to 8% of GDP by 2065.⁴⁴ Subsequently, superannuation reform poses a challenging (and divisive) question for New Zealand to answer considering its ageing population.

However, an ageing population also presents new opportunities. A growing population of 65+ represents a significant and growing economic force, often referred to as the 'silver economy'. Historically, older generations tend to be more financially secure with accumulated wealth and

40 New Zealand Treasury. (2025). *He Tirohanga Mokopuna Long-term Fiscal Statement 2025*. <https://www.treasury.govt.nz/sites/default/files/2025-09/lfts-2025.pdf>

41 van Rensburg, M., Domican, S., & Kennedy, A. (2021). *Background Paper for the 2021 Statement on the Long-term Fiscal Position: The Economic Impacts of an Ageing Population in New Zealand – September 2021*. New Zealand Treasury. <https://www.treasury.govt.nz/sites/default/files/2021-09/lfts21-bp-economic-impact-ageing-population-nz.pdf>

42 Bryant, J., Sonerson, A., Tobias, M., Cheung, J., & McHugh, M. (2005). *Population ageing and government health expenditure Policy Perspectives Paper 05/01*. New Zealand Treasury. <https://www.treasury.govt.nz/sites/default/files/2007-09/tpp05-01.pdf>

43 New Zealand Treasury. (2025). *He Tirohanga Mokopuna Long-term Fiscal Statement 2025*. <https://www.treasury.govt.nz/sites/default/files/2025-09/lfts-2025.pdf>

44 New Zealand Treasury. (2025). *He Tirohanga Mokopuna Long-term Fiscal Statement 2025*. <https://www.treasury.govt.nz/sites/default/files/2025-09/lfts-2025.pdf>

fewer dependents (noting the caveat of growing concerns of declining homeownership and the fact that 40% of those in receipt of superannuation do not have any other source of income).⁴⁵ This may lead to an increased willingness to spend on products and services (although this age group may also be likely to take a more conservative approach to investment). Offshore, the Australian State and Territory Governments noticed, as early as 1999, the opportunities presented by an ageing population and subsequently developed evidence and practical guidelines for Australian tourism businesses to make the most of a maturing market.⁴⁶ Indeed, there remains a significant opportunity for New Zealand to realise the potential of a 'silver economy' should businesses choose to engage.

5. Growing ethnic and cultural diversity

Ethnic and cultural diversity is forecast to increase significantly in New Zealand in the coming decades, changing the ethnic makeup of the country. As seen in Figure 8, between 2025 and 2043, those who identify as New Zealand European Pākehā are forecast to fall from 65% of the population to 55%.⁴⁷ In contrast, those who identify as Asian will increase from 21% to 31%, reflecting the rapid growth of communities from minority ethnic and immigrant backgrounds. Those who identify as Māori will increase from 17% to 19%, and those who identify as Pacific will increase from 9% to 11%.⁴⁸ Ethnicity changes will be more pronounced amongst younger age groups, where New Zealand European Pākehā will make up a progressively smaller proportion of the population.

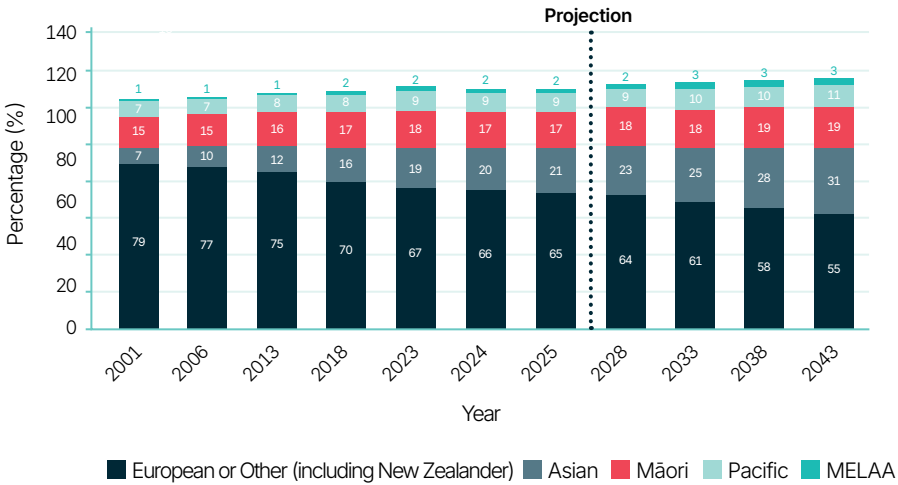


Figure 8: Ethnic composition of New Zealand by percentage 2001–2043 (projection).⁴⁹

45 Te Ara Ahunga Ora Retirement Commission. (n.d.) *NZ Super*. <https://retirement.govt.nz/policy-and-research/nz-super>

46 Golik, B. (1999). *Not over the hill. Just enjoying the view: A close-up look at the seniors market for tourism in Australia*. <https://catalogue.nla.gov.au/catalog/754848>

47 Stats NZ uses different terminology, referring to this group as NZ European or other (including New Zealanders).

48 Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)–2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>; based on 50th percentile data.

49 Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)–2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>; based on 50th percentile data. Does not sum to 100 as Stats NZ included people who identify with more than one ethnicity in each ethnic population that they identify with.

Auckland's unique demography

Auckland's ethnic diversity is changing at an accelerated rate compared to the rest of the country, creating a unique cosmopolitan identity. By 2043, 42% of Auckland's population will identify as Asian, compared to 31% for New Zealand as a whole. 45% of Auckland will identify as New Zealand European Pākehā, compared to 55% of New Zealand, making New Zealand European Pākehā a minority-majority in the city (being the largest ethnic group while making up less than half of the population in terms of ethnic identity).

Diverging ethnic demography will likely result in a different Auckland identity when compared to the rest of the country, fostering unique opportunities and challenges. On one hand, Auckland's unique identity presents an opportunity to build social, cultural, and economic initiatives that reflect its demographic makeup. For example, Auckland could be marketed as a great place to do international business. On the other hand, a distinct Auckland identity carries challenges in societal resilience, representation and national policy alignment. For example, a contrasting Auckland identity risks a sense of 'otherness' between the city and the rest of the country, compounding existing negative stereotypes held about Auckland by non-Aucklanders. There is also the risk of political friction if national policies do not reflect Auckland's multicultural makeup, with its differing infrastructure, healthcare and social needs.

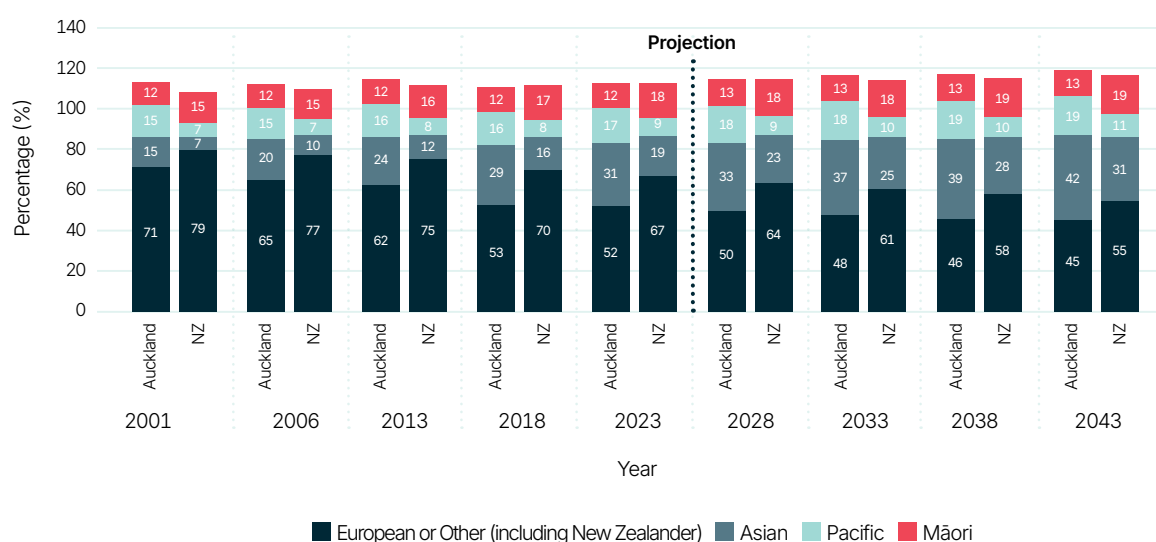


Figure 9: Ethnic composition of Auckland and New Zealand by percentage 2001–2043 (projection).⁵⁰

Box 5: Auckland's unique demography.

Taking a step back, the changing makeup of New Zealand's ethnic diversity is driven, as with population size, by a combination of changes in total fertility rate and immigration which vary across ethnicities. Differences in fertility rates and net migration between ethnicities are reflected in Figure 10. Growth in the country's Asian population is largely a result of immigration. Since the early 1990s, those from Asia have made up the bulk of immigrants, especially during the

⁵⁰ Stats NZ. (2023, October 5). *Subnational ethnic population projections: 2018(base)–2043 update*. <https://www.stats.govt.nz/information-releases/subnational-ethnic-population-projections-2018base2043-update/>; Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)–2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>. Due to the availability of data, NZ data relies on Stats NZ (2025, September 11) while Auckland data relies on Stats NZ (2023, October 5) using local board level data. An updated subnational ethnic population projection will be available from Stats NZ mid-2026. Data does not sum to 100 as people who identify with more than one ethnicity have been included in each ethnic population that they identify with. For the purposes of comparison, MELAA category was excluded in the NZ data (without reallocation to another category). This is due to projections being unavailable for the MELAA population in the Auckland data. Ethnic definitions are consistent across the NZ and Auckland data which enables comparison.

years of increased arrivals and net gains. In contrast, the growth in Māori and Pacific populations reflects higher fertility rates in comparison to other ethnic groups (noting an ongoing decline in fertility rates across all ethnicities). For example, Māori and Pacific communities are forecast to have a fertility rate of 1.80 and 1.86 by 2048, compared to an anticipated fertility rate of 1.45 for New Zealand European Pākehā. Differences in fertility rates between ethnic groups reflect how diversity is no longer just about immigration but also about new generations of New Zealanders born in the country and the different fertility rates of different ethnic groups. Subsequent policymaking must take into account not just immigration but also fertility patterns to effectively plan for the future population and its associated social and economic needs.

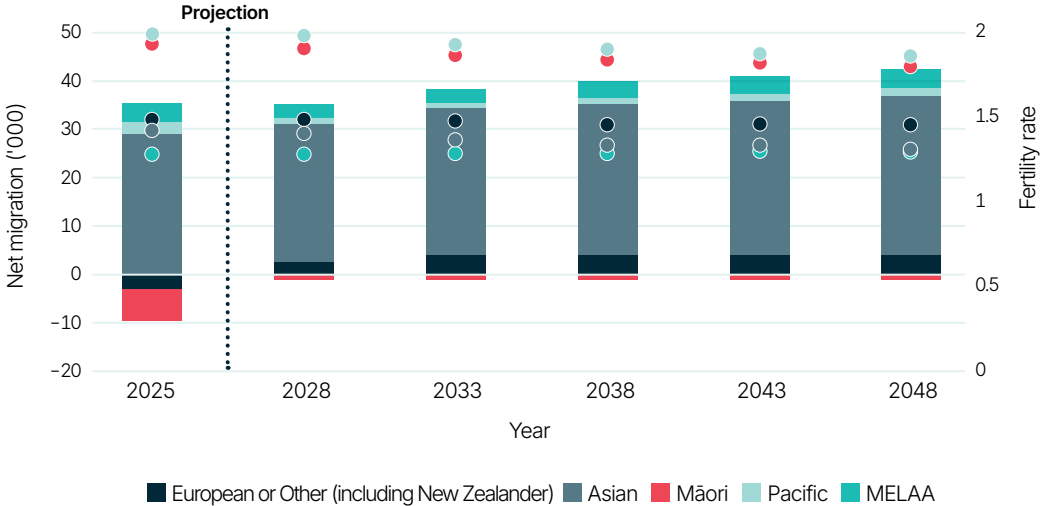


Figure 10: Net migration and fertility rate by ethnicity in New Zealand 2025–2048 (projection).⁵¹

As with other demographic changes, growing ethnic diversity poses a unique set of opportunities and challenges to New Zealand. Following the terrorist attack on Christchurch mosques in 2019, a Royal Commission of Inquiry reflected on the increasing diversity of New Zealand.⁵² The report noted several benefits to New Zealand’s growing diversity, including:⁵³

- A. Higher productivity and innovation for regions and cities with large immigrant populations.
- B. An environment for the cross-fertilisation of ideas that contributes to creativity and innovation.
- C. Investments and increased local aggregate demand created by diversity encouraging product and process innovation.
- D. Reflecting and contributing to new global connections and a local international cosmopolitanism.

Building on the Royal Commission, a study reviewing data for 12 European countries found that “innovation levels are... positively associated with cultural diversity of the migrant community”.⁵⁴

51 Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)–2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>; based on 50th percentile data

52 Although this section focuses on ethnic and cultural diversity, the Royal Commission of Inquiry explored diversity more broadly in terms of ethnicity, culture, gender, identities, religion, values, languages spoken, sexual orientation and whānau structure (see Part 9: Social cohesion and embracing diversity in the Royal Commission report).

53 Royal Commission of Inquiry into the terrorist attack on Christchurch mosques on 15 March 2019. (2020). *The report*. <https://christchurchattack.royalcommission.nz/the-report>

54 Ozgen, C., Nijkamp, P., & Poot, J. (2011). *Immigration and Innovation in European Regions*. IDEAS Working Paper Series from RePEc. https://www.otago.ac.nz/_data/assets/pdf_file/0024/265551/read-the-paper-079318.pdf

The economic benefits of cultural diversity are already reflected in data from New Zealand. In 2023, ethnic communities contributed \$50b to Auckland's GDP.⁵⁵

However, the contribution of ethnic diversity can only be realised if individuals can reach their full potential. Economically, New Zealand continues to struggle to recognise and gain from the benefits of ethnic diversity. Even after adjusting for age, qualifications, occupation and location, many ethnic minority workers earn less and progress more slowly in their careers. The result may be a 'brain waste' where highly skilled individuals work in low-skilled or underpaid jobs. Socially, gaps remain in how New Zealand helps transition new immigrants into the country. While there are some initiatives, such as MBIE's 'Welcoming Communities' initiative and the Ministry of Social Development's Te Korowai Whetū Social Cohesion, post-arrival support remains limited when compared to other countries with similarly high immigration, such as Canada.⁵⁶

Additionally, growing ethnic diversity may pose challenges to social cohesion. Social cohesion exists when people feel part of society; family and personal relationships are strong; differences among people are respected; and people feel safe and supported by others.⁵⁷

Social cohesion

Social cohesion forms one of the basic building blocks of liberal democratic societies like New Zealand. Social cohesion is made up of social trust (trust in each other) and institutional trust (trust in the institutions of society). Trust enables cooperation across diverse identities, values and worldviews, and supports the establishment of shared norms and expectations, which is critical in pluralistic societies.

The greater the trust within a society, the more cohesive it is. The more cohesive a society, the more resilient it is and the better it is prepared to handle current and future challenges (societal resilience). In the absence of significant cohesiveness, a society cannot chart an agreed-upon path to address large-scale challenges.⁵⁸

"Koi Tū Centre for Informed Futures has placed social cohesion at the centre of its work since its inception in 2019. We have worked both globally and nationally, publishing several seminal reports and chairing international workshops on factors that either undermine or enhance societal resilience and trust."⁵⁹

Box 6: Social cohesion.

The Royal Commission highlighted two challenges in relation to diversity and social cohesion:

A. Challenges to the assumptions and practices of a shared civic culture and citizenship.

B. Anxieties about the growing diversity of labour markets and communities which are associated with discrimination and anti-immigrant politics.

55 Eaquib, S., & Sohanpal, N. (2026) *Waitakere Ethnic Board Economic Contribution of Ethnic Minority Contributions to Auckland 2026*. <https://waitakereethnicboard.org.nz/waitakere-ethnic-board-economic-contribution-of-ethnic-minority-communities-to-auckland-2026/>

56 Spoonley, P. (2026). Immigration challenges and changes in New Zealand: Contemporary policy issues. *New Zealand Journal of Employment Relations*, 49(1), 1–15. <https://doi.org/10.24135/nzjer.v49i1.187>

57 Royal Commission of Inquiry into the Terrorist Attack on Christchurch Mosques on 15 March 2019. (2020). *The report*. <https://christchurchattack.royalcommission.nz/the-report>

58 Gluckman, P., Bardsley, A., Spoonley, P., Royal, C., Simon-Kumar, N., & Chen, A. (2021). *Sustaining Aotearoa New Zealand as a Cohesive Society*. Koi Tū Centre for Informed Futures. <https://informedfutures.org/wp-content/uploads/pdf/Sustaining-Aotearoa-New-Zealand-as-a-cohesive-society.pdf>; Gluckman, P., Bardsley, A., Spoonley, P., Royal, C., Poulton, R., Sridhar, H., & Clyne D. (2023). *Addressing the Challenges to Social Cohesion*. Koi Tū Centre for Informed Futures. <https://informedfutures.org/wp-content/uploads/pdf/Addressing-the-challenges-to-social-cohesion.pdf>

59 Gluckman, P., & Sridhar, H. (2025). *Social Cohesion: New Zealand's Precious and Fragile Asset*. Koi Tū Centre for Informed Futures. <https://informedfutures.org/social-cohesion-new-zealands-precious-and-fragile-asset/>

Different ethnic groups often hold distinct civic values which are frequently shaped by culture, history and social experiences. As one example, the United Nations Development Report for 2024 found that there are widespread differences in perceptions of fairness and beliefs about the drivers of inequality between countries.⁶⁰ Differences in perceptions across countries point to underlying cultural and ethnic differences, which will be reflected amongst New Zealand's diverse population. Indeed, Kōi Tū's own research found that New Zealand's communities were divided between those who believed that society provided equal opportunities and those who thought it did not (even if a majority of New Zealanders believed that fairness meant 'equity of opportunity').⁶¹ It is imperative that New Zealand policies foster inclusion and participation in the country's civic culture to foster a sense of shared society. Simultaneously, further consideration may need to be given to what a collective 'New Zealand identity' looks like.

It is important to note that growing ethnic diversity can generate anxiety among some groups, particularly when economic or social opportunities are perceived to be unevenly distributed or shifting. This can lead to insecurity and a perceived loss of relative status within society. Anxiety can manifest in discriminatory attitudes, including marginalisation and exclusion. Data from the Ministry of Health shows that approximately 16% of all New Zealanders report having experienced racial discrimination in their lifetime.⁶² Public policy is subsequently crucial for realising the benefits of a diverse population by addressing discrimination through support for intercultural dialogue, anti-discrimination laws and removing disadvantages that impede social mobility.⁶³ Such responses are necessary to maintain our core yet fragile asset of social cohesion in response to growing diversity. New Zealand will not, nor should it, turn back the tide of growing ethnic diversity. How we respond to it, however, will determine whether we reap the benefits and maintain our socially cohesive fabric.

The case for a population strategy for New Zealand

New Zealand's rapidly changing demography has broad-ranging public policy implications, necessitating a cross-sector response that is focused on long-term outcomes. This section outlines how a population strategy provides the means through which the country can respond in a cohesive, bipartisan manner to both unlock the benefits and address the challenges of demographic change through an interdisciplinary approach.

What do we mean by population strategy?

Population strategy is broadly defined in this paper as both actions by a government to identify demographic trends and, subsequently, actions to address the effects of such change. This definition captures two key approaches to population strategies. The first involves deliberate action or initiatives to modify or moderate the demography of a population, including its size, distribution and composition. A hypothetical example would be providing direct payments to

60 United Nations Development Programme. (2024). *Breaking the gridlock: Reimagining cooperation in a polarized world*. <https://hdr.undp.org/content/human-development-report-2023-24>

61 Bardsley, A., Clyne, D., & Harvey, F. (2024). *Perceptions of fairness in New Zealand. Phase 2 report. Kōi Tū report to the New Zealand Treasury*. <https://informedfutures.org/wp-content/uploads/2024/09/Fairness-report-Phase-2-FINAL-COVER.pdf>

62 Ministry of Health. (2025, December 9). *Racial discrimination 2023/24: New Zealand Health Survey*. <https://www.health.govt.nz/publications/racial-discrimination-202324-new-zealand-health-survey>

63 Spoonley, P. (2014). *Superdiversity, social cohesion, and economic benefits*. IZA World of Labor, 46. <https://doi.org/10.15185/izawol.46>

families for having children to address falling fertility rates.⁶⁴ The second approach comprises actions or initiatives that respond to and manage the consequences of demographic change. A hypothetical example would be infrastructure planning and investment in more aged-care facilities to cope with an ageing population.

Effective population strategies encompass both approaches by not only understanding and possibly modifying demographic trends but also responding to their effects. A dual approach is necessary because there are inherent difficulties in reversing any one demographic trend. Major shifts in a population age pyramid, for example, typically take several decades to a century to occur and involve a variety of different contributing factors. For this reason, a prudent government would invest not only in policies that may slowly change the age ratios of a population (e.g., by encouraging youth immigration or reducing fertility barriers) but also long-term policies that support an ageing population as the population 'bulge' moves across the age brackets. Population strategies are thus more than simply addressing demographic change. They include integrated strategies for improving the quality of life for current and future generations.⁶⁵

Effective population strategies are comprehensive in addressing not just one demographic change or flow on effect but a broad range of factors by taking an interdisciplinary and complementary approach. Shifts in mortality, fertility and migration interact with the labour market, housing, health systems and societal resilience. Subsequent interactions create feedback loops that can amplify demographic trends and their associated risks and benefits. For example, a decline in fertility over time could contribute to population stagnation or depopulation. Population decline reduces a nation's workforce, impacting economic growth. Economic hardship can create barriers for those who may otherwise want to have children, exacerbating the decline in fertility rates. The interconnected nature of demographic dynamics and trends reflects the need for a population strategy that includes coordinated planning that integrates a knowledge base from a wide array of disciplines beyond demography.⁶⁶

Finally, a population strategy must incorporate a rights-based approach that prioritises the needs and human rights of our population. The broad nature of population policies has meant that they have historically also included approaches that threaten human rights and agency. Key examples include restrictions on reproductive healthcare and information, one-child policies and forced sterilisation. It is equally important to consider the degree of social license we wish to grant to the government to shape demographic outcomes. A population strategy for New Zealand must be guided by the principle of increasing the agency of individuals, rather than reducing it. This approach is particularly important when it comes to addressing fertility rates, as discussion can easily revert to blaming women by focusing on individual choices rather than structural issues. When deployed well, a population strategy can clear the obstacles for people to live the life they want in an environment that is designed to take care of them.

What is the value of a population strategy?

At this demographic inflection point, New Zealand faces significant shifts in demographic trends and outcomes. Each trend signals complex and interconnected implications for our economy, well-being and societal resilience. Policy choices made today in response to these demographic

64 We note that the international literature makes it clear that reversing fertility decline is extremely challenging and while there are a range of measures that have been tried by high-income countries, none have had any sustained effect. A narrow focus on reproductive behaviours is unlikely to have a long-term effect, due in part to changing societal norms.

65 Lutz, W., Butz, W., & KC, S. (2014). *World Population and Human Capital in the Twenty-First Century*. In *World Population and Human Capital in the Twenty-First Century*. Oxford University Press. <https://doi.org/10.1093/acprof:oso/9780198703167.001.0001>

66 Hiebert, D. (2025). *Balancing Canada's Population Growth and Ageing Through Immigration Policy*. https://cdhowe.org/wp-content/uploads/2025/05/Commentary_682-1.pdf

changes will have long-term consequences, underscoring the need for careful planning and implementation. In this context, the value of a population strategy can be understood as threefold.

First, a population strategy would help elevate key demographic topics above day-to-day political contestation. Many of the most attention-gaining policy issues regarding demography (such as immigration, superannuation and investment) are politically fraught, with parties often pursuing strategies driven by diverging ideologies and views on causes and outcomes. Yet the reality is that many of these topics are complicated and complex, with characteristics reflective of Koi Tu's definition of 'wicked problems'.⁶⁷ In this regard, an overarching population strategy would ensure that policy decisions about demography issues are guided by long-term national interests, strategic planning and data rather than reactive or polarising rhetoric combined with a short-term, politically driven focus.

Elevating demographic topics above day-to-day political contestation has the additional benefit of increasing the social license for difficult conversations. Public support and a degree of social license will be critical in tackling demographic challenges like aged-care needs. It is imperative that the government facilitate a rational, evidence-based discussion that helps the public understand how policies, such as immigration, shape our population structure, long-term economic viability and social resilience.

Second, a population strategy would help elevate policy planning beyond an election cycle. The country's three-year election-cycle inherently limits long-term planning as political parties are incentivised to prioritise short-term political wins. Indeed, Koi Tū has previously noted that New Zealand has a relatively simple democratic system.⁶⁸ The next election cycle is always just around the corner, and voters are much more likely to respond to policies that bring about change they can instantly see rather than change that is promised sometime in the future. These behaviours are particularly exacerbated in instances in which costs must be borne in the near-term but benefits lie in the decades to come.

However, our response to demographic change must consider a longer time horizon. Decisions cannot be based solely on what is needed now but also on what is needed in the future. For example, immigration decisions made today shape demographic structures for years to come as immigrants become part of our population, contribute to our society and economy and eventually retire. These stages must be incorporated into policy planning, yet they are often overlooked due to the focus on immediate needs and political cycles. In an aspirational manner, a bipartisan commitment to a long-term population strategy could unlock the sort of bold, long-term planning seen in countries like Singapore and Denmark, where successive governments commit to long-term strategies in lieu of simply undoing the work of the predecessor government.

Finally, a coherent population strategy could enable strategic decisions across multiple sectors of government including between central and local government. Currently, policy decisions about topics like immigration are often piecemeal and lack an overarching strategic direction. In the case of immigration, there is no role for local authorities in either the recruitment of immigrants or policy frameworks. Decisions often reflect operational considerations without an overall plan that might address broader demographic dynamics like rapid ageing, declining fertility or different regional population growth trajectories. A coherent population strategy could act as an umbrella

67 Gluckman, P. (2025). *Wicked problems, policy and politics: Towards more consensual policy-making*. Koi Tū Centre for Informed Futures. <https://informedfutures.org/wp-content/uploads/2025/11/Wicked-problems-policy-and-politics-FINAL-.pdf>

68 Gluckman, P. (2022). *Deepening our Democracy*. Koi Tū Centre for Informed Futures. <https://informedfutures.org/deepening-our-democracy/>

strategy under which individual policies are developed, with larger economic and social goals in mind, including capital investment, productivity and expanded social infrastructure. Such planning is essential if we are to ensure economic productivity and societal resilience.

Learning from others

New Zealand is not alone in its demographic trajectory. Advanced economies across the world are facing the headwinds of slowing population growth, falling fertility, a growing reliance on immigration for labour and an ageing population. On average, OECD countries exhibit more advanced demographic trends than New Zealand. Population growth amongst OECD members averaged 0.6% in 2024 (New Zealand's was 1.7).⁶⁹ The 2024 OECD fertility rate was 1.46 (New Zealand's was 1.56), and the 2025 OECD percentage of people over the age of 65 was 33% (New Zealand's was 17%).⁷⁰

Although advanced economies are further along in experiencing the current demographic transition, few have responded with comprehensive demographic strategies. Indeed, we struggled to identify international examples of the type of bipartisan, long-term and multifaceted population strategy we envision would be necessary to address the type of large-scale demographic implications that New Zealand is facing.

In the absence of international examples, there is an opportunity for New Zealand to be world-leading in its approach to a population strategy. New Zealand has historically maintained relatively high trust in government, low corruption and low levels of polarisation (although these assets too are coming under threat). Our settings create favourable conditions for bipartisan support and the sustained implementation of a population strategy. New Zealand also has a track record of progressive policies and a willingness to engage in national planning. In 1977, the New Zealand government established the Commission for the Future which, until its abolishment in 1982, studied long-term possibilities for New Zealand's development. Indeed, more modern iterations like the Productivity Commission and the Social Investment Agency may serve as blueprints for how the government can establish interdisciplinary groups to address large-scale issues through robust, evidence-driven methodologies. Koi Tū Centre for Informed Futures is also advancing the country's thinking regarding long-term, intergenerational issues using systems-thinking and formal foresight practices.

Box 7: Learning from others.

69 World Bank Group. (2025). *Population growth (annual %)-OECD members*. <https://data.worldbank.org/indicator/SP.POP.GROW?locations=OE>; Stats NZ. (2025, September 11). *National ethnic population projections: 2023(base)-2048*. <https://www.stats.govt.nz/information-releases/national-ethnic-population-projections-2023base-2048/>

70 OECD. (2025). *Pensions at a Glance 2025 OECD and G20 Indicators*. <https://doi.org/10.1787/e40274c1-en>

A way forward

The enabling environment of a population strategy

An effective population strategy requires a supportive enabling environment to facilitate long-term, evidence-based planning and coordinated action. An enabling environment for an effective population strategy would include an ecosystem of data-driven knowledge, willpower and shared understanding through which population-related policies can be designed and implemented. New Zealand requires three key shifts to create this enabling environment, driven in the first instance by decision-makers.

First, New Zealand decision-makers must be willing to engage with demographic data and respond to information gaps where they exist. Central to addressing any complex problem is first understanding the factors involved in its causation along with relevant supporting data. Modelling from both government and industry paints a clear picture of what our country will look like in the decades to come. This information should inform a data-driven, objective approach to designing, implementing and evaluating population-related policies. Obvious information gaps also need to be addressed. A clear example is the absence of workforce and skills data, which is crucial for decision-making about immigration and education settings. Further consideration must also be given to how we ensure we have an ongoing, comprehensive understanding of our changing demography, noting the proposal to significantly alter the way that data is collected, specifically to no longer conduct a census, and how this might impact the availability of data.

Second, New Zealand must collectively cultivate the willpower to address the complex challenges of demographic change and unlock the opportunities. The reality is that many of the challenges of demographic change will require long-term strategies where benefits will not be immediately observed. New Zealand must overcome its cultural predisposition for short-term thinking and a paradigm that, “if it doesn’t occur in my lifetime, it doesn’t matter.” Societal resilience and economic productivity must be treated as assets that must be invested in. Future generations depend on our actions now to ensure their prosperity.

Finally, New Zealand requires a cross-party vision for our future. A population strategy will be most effective when it reflects bipartisan agreement that is maintained over multiple election cycles, regardless of the winning party. However, agreement requires alignment on what we want New Zealand’s future to look like. Koi Tū argues that this vision must include a comprehensive understanding of the connection between demographic change, societal resilience and economic productivity. We wish to see a country that has regained its economic productivity while ensuring that societal resilience, both nationally and in relation to specific communities, is enhanced.

Leadership of a population strategy

The case for a population strategy for New Zealand naturally invites the question of whom within government (national or local) should be responsible for its development, implementation and evaluation. New Zealand’s demographic trajectory affects a wide range of policy areas including immigration, housing, education, healthcare and regional development. Subsequently, it may be unrealistic and unsuitable for a single agency to lead and coordinate a population strategy.

Koi Tū argues that an independent commission (e.g., a population commission) could provide a robust governance and implementation model to ensure the effective execution of a population

strategy. A commission could provide independent analysis, long-term strategic advice (using an interdisciplinary perspective) and periodic reviews. In lieu of an independent commission, it remains possible that an existing agency, such as DPMC or Treasury, could hold responsibility for a population strategy. However, further work is needed to determine the right configurations within government.

Regardless of what agency ultimately takes responsibility for a population strategy, it remains imperative that the agency is supported by engagement and evidence from wider government, research institutions, industry and civil society. Research institutions and industry experts can provide their own analysis and sector-specific insights. Civil society plays a crucial role in conveying local lived experiences. These contributions will ensure a lead agency is equipped with the necessary evidence, expertise and perspectives to execute a well-informed population strategy that can tackle our demographic challenges and realise relevant opportunities.

Elements of a population strategy

With the necessary data, political will, cross-party alignment, and the right lead agency, New Zealand could be well-positioned to develop an effective population strategy that responds to the country's rapid demographic change. It is outside the scope of this paper to define a population strategy for the country in operational terms. Such a body of work will require further and more extensive cross-sector engagement. However, to frame the discussion, this paper sets out a series of key elements that should underpin a compelling population strategy for New Zealand.

Societal resilience

Societal resilience must lie at the heart of any population strategy for New Zealand. Orienting a population strategy around societal resilience means investing in intercultural capability, anti-discrimination mechanisms and inclusive institutions to enable communities to adapt to demographic change. Investing in societal resilience also means committing to long-term and regular monitoring (such as through a societal resilience index) to enable targeted responses to risks over time. It also requires deep consideration of who we are as a nation, our national identity and who we want to be in the future.

Human capital

Along with societal resilience, a compelling population strategy for New Zealand must place human capital investment at its core. A human capital lens involves viewing our population as an asset to the country with skills and knowledge that must be invested in to improve economic productivity, wellbeing and societal resilience. Investment requires coordinated planning across the life course, from early childhood development and education to skills development and reskilling/upskilling later in life (detailed in workforce planning).

Workforce planning

A compelling population strategy must include a whole-of-life workforce plan that enables people to upskill and reskill throughout their lives to respond to the changing nature of work (e.g., technological developments) and location (e.g., as new industries develop). It also must address the underutilisation of talent by closing ethnic and gender gaps in pay and progression (including by addressing the barriers for those who wish to have children and stay in the workforce)⁷¹ and

⁷¹ Even if falling fertility cannot be reversed, it remains important that the barriers for child-rearing are addressed for an equitable society.

recognising overseas qualifications and experiences. Workforce planning also includes cross-sector planning regarding our immigration settings to align them with broader demographic trends and agreed-upon goals (such as growth rates, skills gaps and the spatial distribution of the population).

Infrastructure planning

A population strategy must include deliberate national planning rather than incremental infrastructure planning. Infrastructure planning must include intergenerational commitments to shape our regions and cities to enable people to thrive across their lifespan. Housing must be affordable to enable Kiwis to lead the lives they wish to live, communities must be connected, and ageing must be supported (including through the provision of aged-care facilities, alternative housing options and public transport).

Investment and economic planning

A population strategy for New Zealand must include a clear vision for our economic future that is both innovative and sustainable. This vision must include alternatives to population growth (whether via immigration or natural increase) for GDP growth, such as innovation and the use of new technologies to improve economic and labour productivity. It must also include a strategy for retirement income and ways to equip New Zealanders with lifelong financial planning tools as life expectancy increases.

Social services planning

Social services are a crucial element of a population strategy because a population's needs evolve with demographic change. When planned well, social services can empower individuals to live the lives they want and unlock their potential. A compelling population strategy must include considerations for changing healthcare needs in response to an ageing population and growing ethnic diversity, as well as strategies to help new immigrants integrate into New Zealand and achieve positive settlement outcomes.

Spatial and regional planning

A population strategy for New Zealand must include a national spatial plan which considers where future population growth or decline is desirable and connects this with immigration settings, workforce and infrastructure planning. A population strategy must also leverage data and evidence to anticipate future community needs. Responses must be tailored towards metro, provincial and rural areas, noting their different needs (for example supporting rural development and connectivity planning).

Concluding remarks

New Zealand now faces a pivotal decision regarding our demographic trajectory. The colliding trends of slowing population growth and a reliance on immigration to drive workforce and population growth, an ageing population requiring more public services, and growing ethnic diversity present both opportunities and challenges depending on how the nation responds. In ten years, our demography will not be a surprise. We have a choice: do we respond to the implications of our demographic shifts with a long-term, bipartisan and cohesive strategy, or do we continue with slow, incremental change driven by a short-term outlook and ideological rhetoric?

An analysis of New Zealand's demographic trends suggests that we cannot afford an 'easy does it' approach. The stakes are too high. Yet our current trajectory risks under-delivering on future prosperity and jeopardising our key asset of societal resilience. We need to have what are quite often difficult conversations to ensure that we anticipate and respond appropriately to demographic change.

Long-term economic prosperity and enhanced societal resilience are possible, provided we act now, act decisively and act together. A population strategy is the first step to aligning our approach to do so. New Zealand deserves a long-term, bipartisan and comprehensive strategy to create a national vision for our future that transcends electoral cycles and reorients the country around social and economic goals. At this demographic inflection point, a population strategy is no longer a 'nice to have,' it is essential.



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