

Roy Morgan  
— Research —

## STATE OF THE NATION

# New Zealand

Report 4 - March 2012

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*Spotlight on  
New Zealanders 55+*

*Discover your edge*

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## ABOUT THE ROY MORGAN STATE OF THE NATION SERIES

The Roy Morgan New Zealand State of the Nation Report provides a ten-year perspective on New Zealand Society based on around 120,000 interviews<sup>1</sup> conducted over the decade between January 2001 and December 2011.

A decade ago, Roy Morgan Research, and many others, anticipated that people in the developed world would face an increasingly complex social environment that would change both the level of demand for its products and services, and the climate of support for those products and services. The most significant trends anticipated included those associated with the **changing role of women**, associated changes in the workplace, and redefinitions of the family; changes associated with **technology**, media and communication, globalisation and internationalisation; the **middle-ageing** of New Zealand and the associated changes in the nation's focus on **health, security, quality**, the value of **'time'**, and the **environment**.

In this Roy Morgan State of the Nation Report, we have measured all of these issues and more – plotted them over time – and explored in more detail how they have played out, in terms of **Society, Technology, Economy, Politics and Environment**.

This State of the Nation Report shows that while many things have changed, some have stayed the same. The report shows that the impact of the economic slowdown and current uncertainty in New Zealand and the world resulting from the global financial crisis, will be unlike any previous recession because New Zealand today is unlike New Zealand even a decade ago.

The Report shows that the last decade has been one of great change, these include:

- Ageing population
- Increased education
- Decreased workforce participation for men and women
- Increase in home ownership
- Less concern with security
- Concern with the economy and declining consumer confidence
- Increasing population diversity
- Less attracted to new things and ideas but more progressive attitudes on some social issues
- Less concerned about some food issues
- Increased obesity
- Increased interest in Maori Culture
- The 'environment' as an issue has steadied.
- Change in leisure activities away from organised sports and family outings to more individual pursuits and online activities
- Decline in household wealth following the GFC has fully recovered; and increased debt
- An increased proliferation of information and communication technologies. In particular, the rise of the Internet has had a major impact on all aspects of life, especially telecommunications, media, banking, and retail. Less TV, radio, newspapers and magazines.

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<sup>1</sup> Each week a carefully selected sample of New Zealanders is interviewed. The samples are nationwide stratified random probability samples designed to provide a good cross-section of the population aged 14 and over.

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## THIS REPORT

This report is number four in the series and as well as providing an update on trends in society, technology, the economy, politics and the environment, it focuses on issues relating to the ageing of New Zealand and specifically looks at the 55+ age group.

## KEY FINDINGS IN THIS SECTION INCLUDE:

- New Zealanders over the age of 55 are now controlling an increasing proportion of household wealth, with only 24.7% of the population having 52% of household net wealth. There has been a dramatic increase in the proportion of wealth controlled by the group since 2002 when it was only 43%.
- Workforce participation in the over 55 age group has risen considerably over the last 9 years which has contributed substantially to the economy, as they have accounted for 77.6% of the 303,000 workforce increase in New Zealand since 2002.
- The over 55's have much higher levels of home ownership (no loan) with 63.1% compared to the NZ average of 31.4%, thus enabling a much higher level of savings, particularly if still employed.
- In terms of expenditure, this group has considerable spending power but is less likely to spend on the latest technological gadgets, and go more for overseas travel, house renovations, personal services, using a financial planner, going to clubs and live theatre.

# 1 NEW ZEALAND TODAY

## 1.1 Issues Facing the World and New Zealand

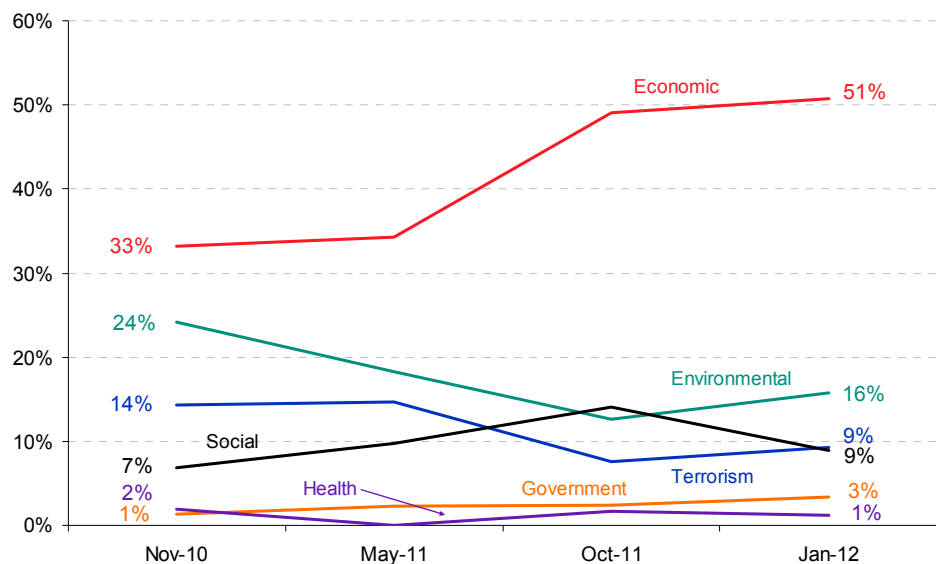
- **Major Issues Facing The World – Economic Issues Now Dominate**

New Zealanders were asked in January 2012 what they considered were the major issues facing the world and New Zealand.

Clearly the issue considered to be the most important facing the world was to do with economic matters (51%), these mainly included the financial crisis/recession and the gap between the world's rich and poor. It is worth noting by way of comparison that the same survey conducted in Australia in January 2012 also had economic issues clearly on top with 47%.

The environment (16%), terrorism/security (9%) and social issues (9%) were the other major issues. The main environmental issues were climate change/global warming and natural disasters, whereas major terrorism and security concerns centred around wars and conflicts. Social issues considered important included greed and social apathy.

**Chart 1: Most Important Issues Facing the World**



Base NZ Population 14+  
Source: Roy Morgan Nationwide telephone poll 16-29 January 2012 (n=1,050).

• **Major Issues Facing New Zealand – Economic**

When it comes to the issues facing New Zealand there is again an overwhelming concern for economic issues, with 51% believing they are a major problem. The specific concerns in this area were to do with the financial crisis, inflation and exchange rates, and unemployment and job security.

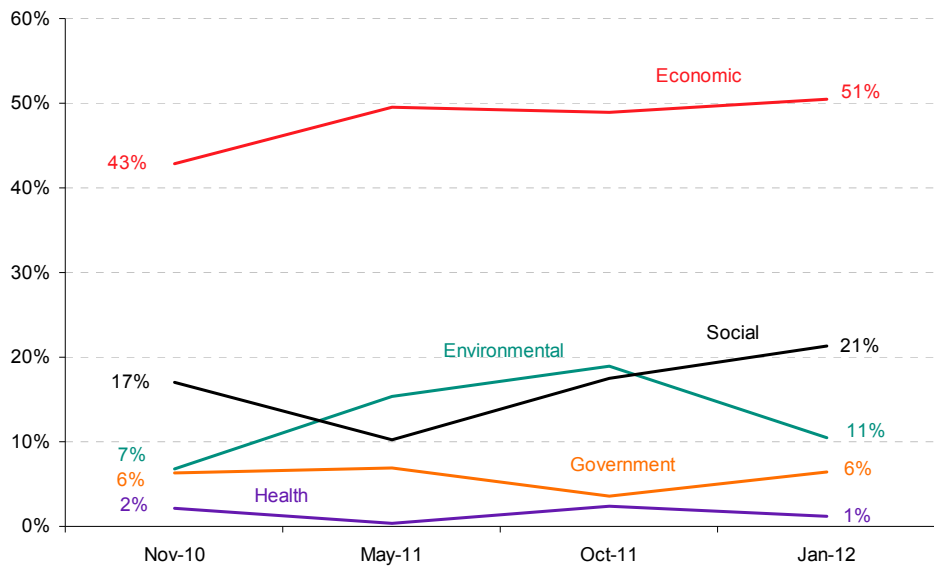
The level of concern for the New Zealand economy is far higher than we saw in the same poll run in Australia where the concern for economic issues was only 35% (January 2012).

Social issues continue to rise as an important concern in New Zealand (21%), with crime/law and order and child abuse/lack of care for children problems standing out as most prominent.

As with Australia, the environment has declined as an area of concern (11% compared to 19% in October 2011), although this is likely due to decreased attention on last year's Rena Oil Spill. Natural disasters were the major specific concern in this area.

Issues relating to government/political/immigration and human rights are seen as most important by 6%, and it is concern for government, politicians and leadership which account for most of this.

**Chart 2: Most Important Issues Facing New Zealand**



Base NZ Population 14+  
Source: Roy Morgan Nationwide telephone poll 16-29 January 2012 (n=1,050).

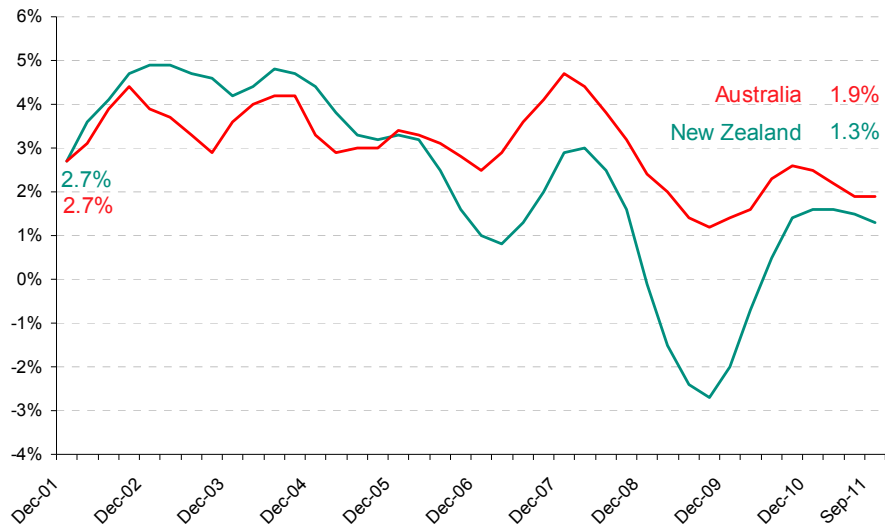
## 1.2 Economic Summary

### 1.2.1 Overview of Economy

The financial crisis in 2008, followed by the re-emerging global economic uncertainty and the Christchurch earthquake have combined to make economic issues the number one concern for New Zealanders.

GDP growth has returned to positive territory but is only around the 1% level and showing some weakness compared to Australia.

**Chart 3: Annual GDP Growth (Real) of New Zealand and Australia**



Source: Reserve Bank of New Zealand

The earthquake rebuild is likely to take longer and will provide a significant boost to output and employment, providing a powerful offset to the effects of the weaker world economy as much of the rebuild cost is met from insurance claims.

On the positive side, the Rugby World Cup boosted growth in the second half of 2011 which was reflected in an unusually large 2.2% increase in quarterly retail sales volumes. The ANZ-Roy Morgan Consumer Confidence is showing some tentative improvement and prices for agricultural products have shown some positive signs.

The recovery in the economy, combined with reconstruction in Canterbury, should help the unemployment rate to fall. For households in New Zealand, the economic uncertainty and fall in asset prices and losses in wealth have contributed to a change in saving behaviour which is likely to impact negatively on consumption.

Petrol prices remain high compared to historical levels and as such are likely to impact on inflation and consumer spending.

The latest Roy Morgan Poll (February 13-26) shows continuing strong support for Prime Minister John Key's National 45.5% (unchanged from Jan 30 – Feb 12, 2012). Support for Key's Coalition partners is virtually unchanged with the Maori Party 1.5% (unchanged), ACT NZ 0.5% (down 0.5%), and United Future 0.5% (unchanged). Support for Labour Party has increased 0.5% to 31.5%, Greens 13% (up 1.5%), New Zealand First 5% (down 1%), Mana Party 1% (unchanged) and Others 1.5% (down 0.5%).



The New Zealand Roy Morgan Government Confidence Rating is down 6 points to 121 — with 53.5% (down 3.5%) of New Zealanders saying New Zealand is 'heading in the right direction' compared to 32.5% (up 2.5%) that say New Zealand is 'heading in the wrong direction.' However, there are also ongoing uncertainties associated with the global economy that on balance pose downside risks to New Zealand.

### 1.2.2 Economic Data

- **Consumer confidence** – latest ANZ-Roy Morgan Consumer Confidence for February 2012 is 113.3 – 5.1 points higher than February 2011 (108.2) (refer page 43).
- **Unemployment** – unemployment as measured by Roy Morgan Research for the quarter ending December 2011 is 9.8% (245,000), compared to the Statistics NZ Seasonally adjusted figure of 6.3% (refer page 36).
- **Housing interest rates** – floating rate has remained at 6.0% in December 2011 from a high of 10.7% in August 2008 (refer page 46).
- **Official Cash Rate** – the official cash rate is now 2.5% in January 2012, down from 8.25% between July 2007 and July 2008 (refer page 46).
- **Petrol** – in February 2012, petrol was 208.9 c/ltr, up from a low of 132.0 c/ltr in January 2009 (refer page 49).
- **Exchange rates** – as of January 2012, the NZD continued to fall against the AUD (\$0.778) but continued to improve gradually against both the USD (\$0.770) and the GBP (£0.486) (refer page 49).
- **Share market** – in January 2012 NZX50 was 3,296, up from its low point in February 2009, but still well below pre GFC levels (refer page 50).

**Table1: New Zealand Today – Economic Summary**

<b>Consumer Confidence</b>	<b>113.3 [1]</b>
<b>Unemployment</b>	<b>9.8% [2]</b>
<b>Housing Interest Rate</b>	<b>6.0% [3]</b>
<b>Official Cash Rate</b>	<b>2.5% [4]</b>
<b>Petrol</b>	<b>208.9 c/ltr [6]</b>
<b>New Zealand Dollar</b>	<b>0.770 US [5]</b>
	<b>0.778 AUD [5]</b>
	<b>£0.486 GBP [5]</b>
<b>Share Market</b>	<b>NZX50 3,296 [7]</b>

Source:

[1] ANZ-Roy Morgan Research Consumer Confidence, February 2012; NZ Population 14+

[2] Roy Morgan Research, December 2011; NZ Population 14+ in Workforce

[3] Reserve Bank of New Zealand, January 2012

[4] Reserve Bank of New Zealand, January 2012

[5] Reserve Bank of New Zealand, January 2012

[6] MED, February 2012

[7] NZX, January 2012

### 1.3 Political Summary

The recent election shows that, broadly speaking, New Zealanders are supportive of and confident in their current Government, but there has been some loss in confidence recently.

- **Voting Intentions** – The latest voting intentions show that support for John Key's National Party has declined from 47% at the 2011 election to 45.5% in February 2012, although they still hold the support of the Maori Party (1.5%), ACT NZ (0.5%) and United Future (0.5%). Despite support for the National Party remaining strong, opposition Leader David Shearer has managed to increase Labour's share of the vote at each New Zealand Roy Morgan Poll conducted in 2012 (refer page 54).
- **Government Confidence Rating** – The Roy Morgan Government Confidence Rating in February 2012 was 121, with 53.5% of New Zealanders saying New Zealand is 'heading in the right direction' compared to 32.5% who say New Zealand is 'heading in the wrong direction'.

**Table 2: New Zealand Today – Political Summary**

<b>Voting Intention</b>	<b>NP 45.5 vs. Labour 31.5</b>
<b>Government Confidence</b>	<b>121.0 [8]</b>

Source: Roy Morgan Research  
[8] Roy Morgan Telephone Poll, February 13 - 26, 2012; Electors

### 1.4 Understanding the Impact of Change on Consumers

Whilst it is important to understand short term issues, they can be misleading and need to be seen in a longer term perspective.

So with those things in mind, this report sets out to provide some insights into how New Zealand consumers are reacting in these uncertain economic times. But first, it is important to consider the broader context; the following sections go through the major trends and areas of change – society, technology, economy, politics and environment.

These trends matter because they demonstrate that New Zealand is very different than it was a decade ago.

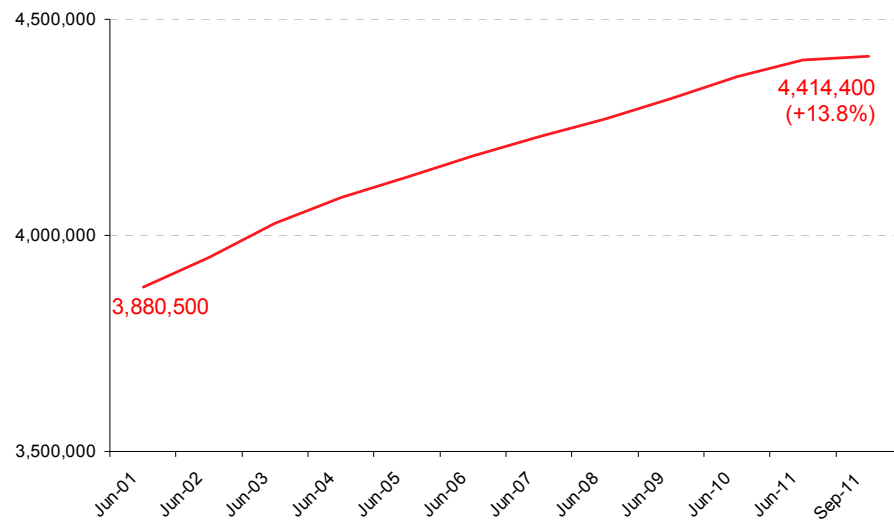
## 2 SOCIETY

Over the last decade there has been a significant social shift: an ageing population, rising education levels, rising debt and fluctuating wealth, and changing attitudes (increased expectations and a decline in traditional leisure activities).

### 2.1 New Zealand's Population

The New Zealand population has grown by over 524,000 between 2001 and September 2011, an increase of 13.8%, and now currently sits at 4,414,400.

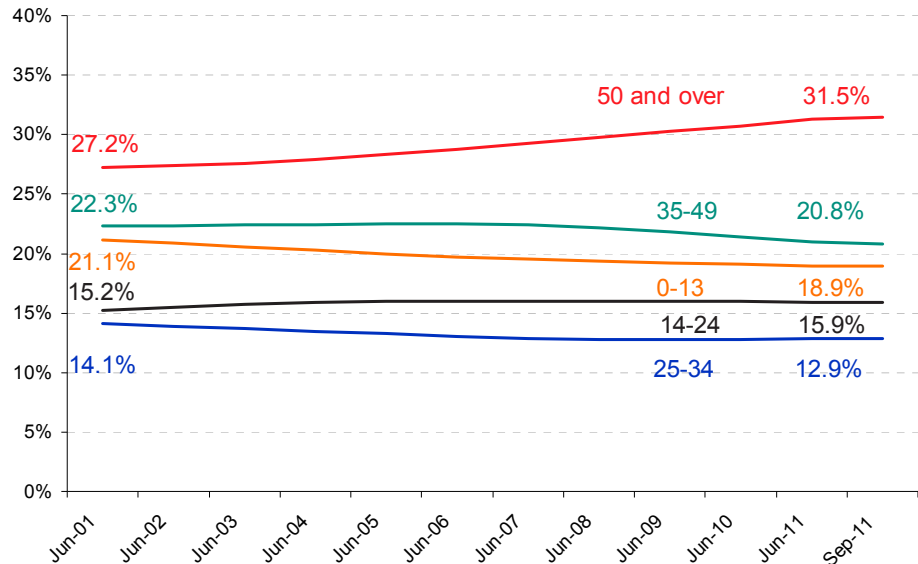
**Chart 4: New Zealand Population**



Base: NZ Population 0+  
Source: Statistics NZ.

There has been a gradual increase in the proportion of people aged 50+ and a marginal increase in those aged 14-24, whereas other age groups have declined. This has, and will continue to, put pressure on the government and has implications for demand for products and services.

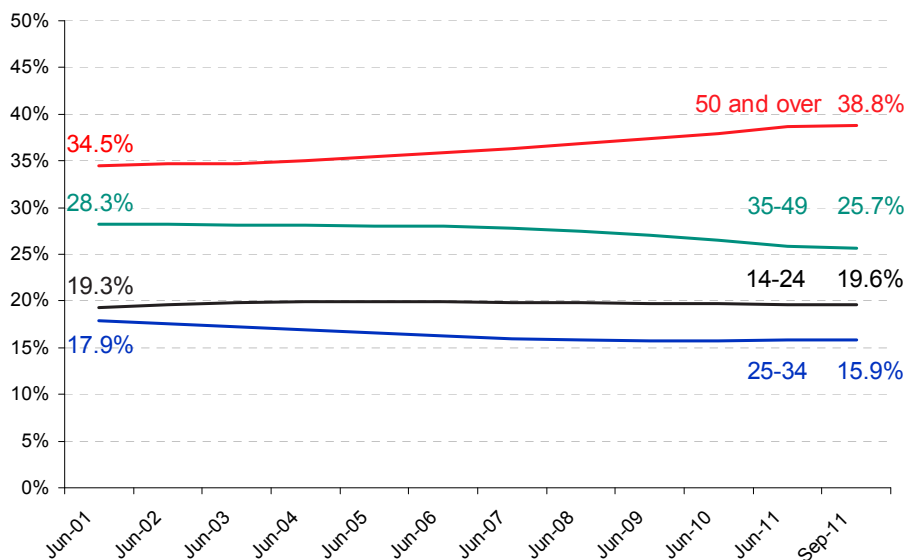
**Chart 5: All Age Groups**



Base: NZ Population 0+  
Source: Statistics NZ.

The age distribution is also shown for 14+ (Chart 6) because the analysis to follow in the report is based on the Roy Morgan Research interviews from 14 years of age.

**Chart 6: Age Groups (14+)**

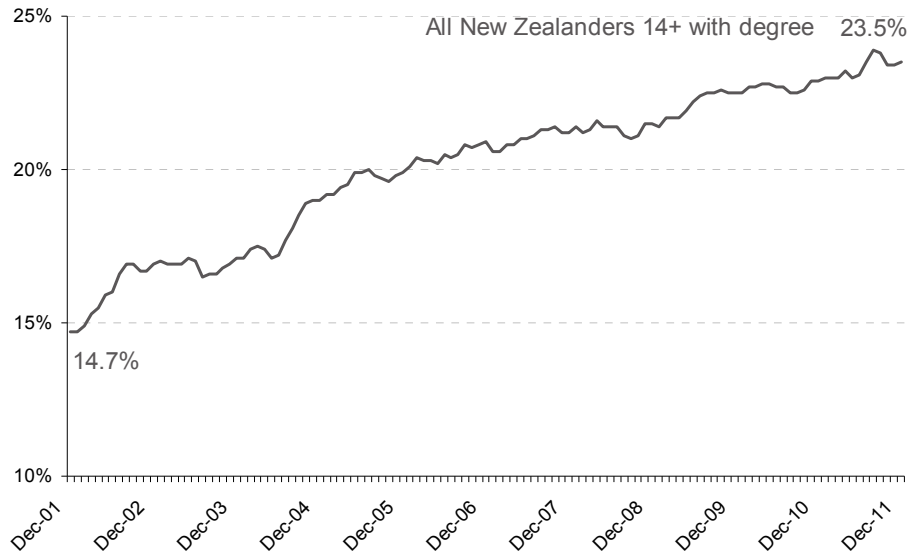


Base: NZ Population 14+  
Source: Statistics NZ.

## 2.2 Rising Education Level

The last decade has seen a significant increase in the proportion of people holding a degree – up from 14.7% in December 2001, to 23.5% in December 2011.

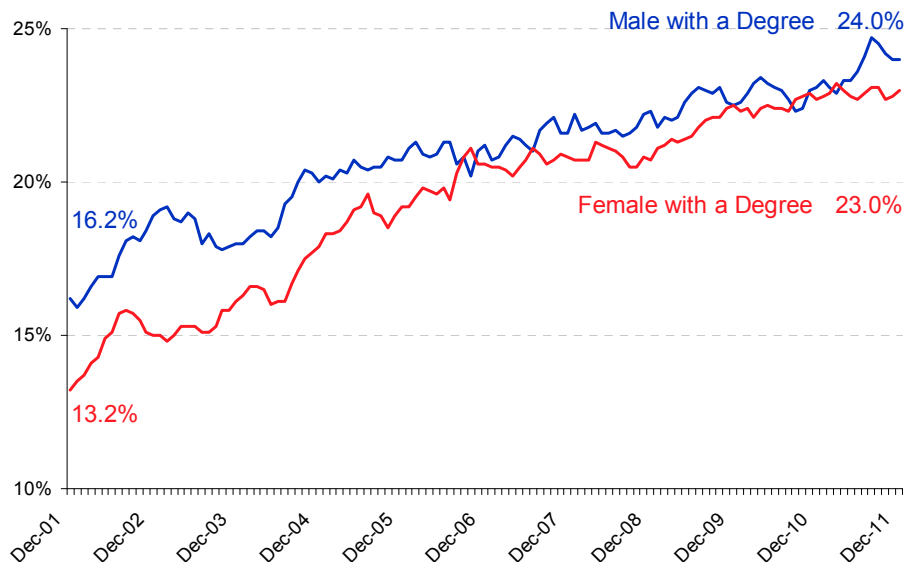
**Chart 7: Have a Degree**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

The rate of growth has been higher for females. In 2001 the gap between genders was 3% (16.2% of males and 13.2% of females held a degree), then the gap has closed and females are only slightly behind with 23% holding a degree compared to 24% of males. However over the last year there is some evidence that women are again falling behind.

**Chart 8: Have a Degree – Male and Female**

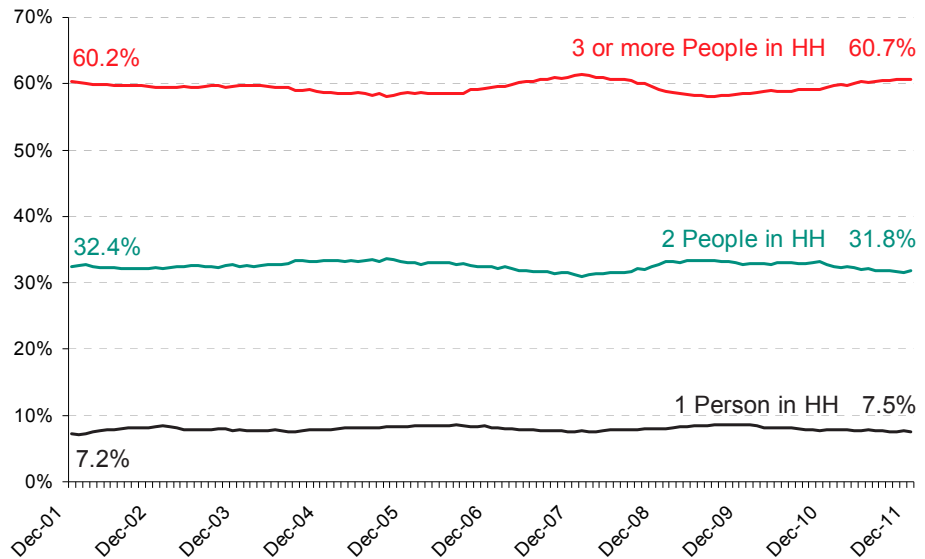


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

### 2.3 Household Size Steadies

Over the past 10 years there have been fluctuations in the proportions of the population living in different household sizes. This was due in part to smaller family sizes associated with the increasing number of older households, women staying in the workforce longer and delaying starting a family, and greater affluence and lifestyle choices of younger singles and couples who establish their own household units. However over the last two years household size has remained steady and in fact is now very similar to what it was 10 years ago.

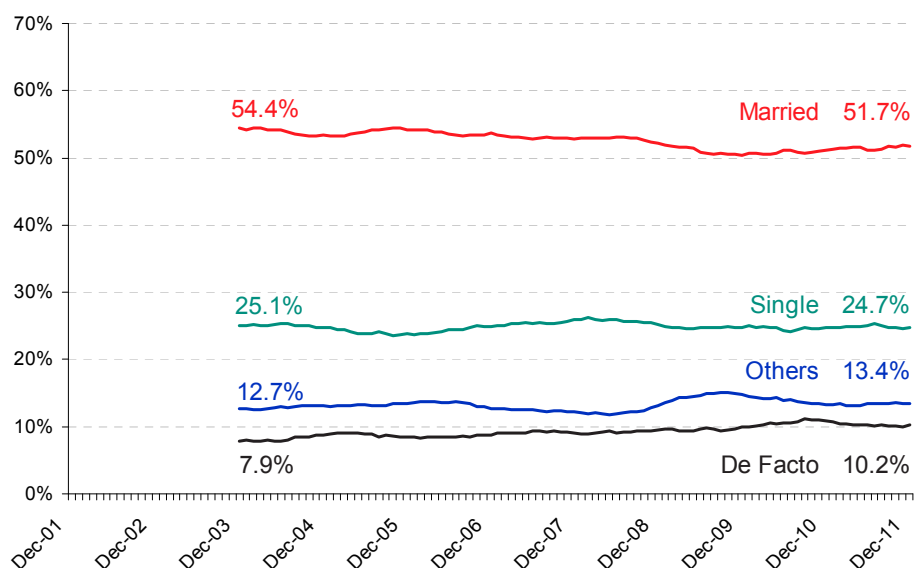
**Chart 9: Number of People in Household**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Changes in household structure show decreases in the proportion of the population in marriage relationships (54.4% in 2003, down to 51.7% in 2011), and an increase in de facto living arrangements (7.9% in 2003, up to 10.2% in 2011).

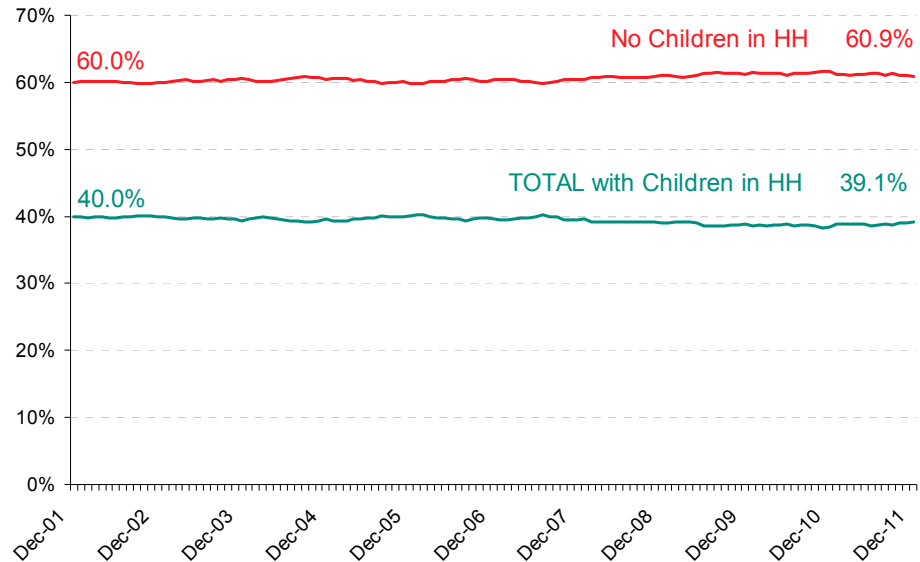
**Chart 10: Marital Status**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.  
Note: 'Others' includes: Separated = 2.6%, Divorced = 4.2%, Widowed = 3.5%, Engaged = 2%, Planning to marry = 1.1%.

There has been a gradual increase in the proportion of households without children, which is in line with the ageing population and delayed family formation. This trend is less pronounced than in Australia where childless households have increased from 60.6% in 1998 to 64.2% in December 2011.

**Chart 11: Children in Household**

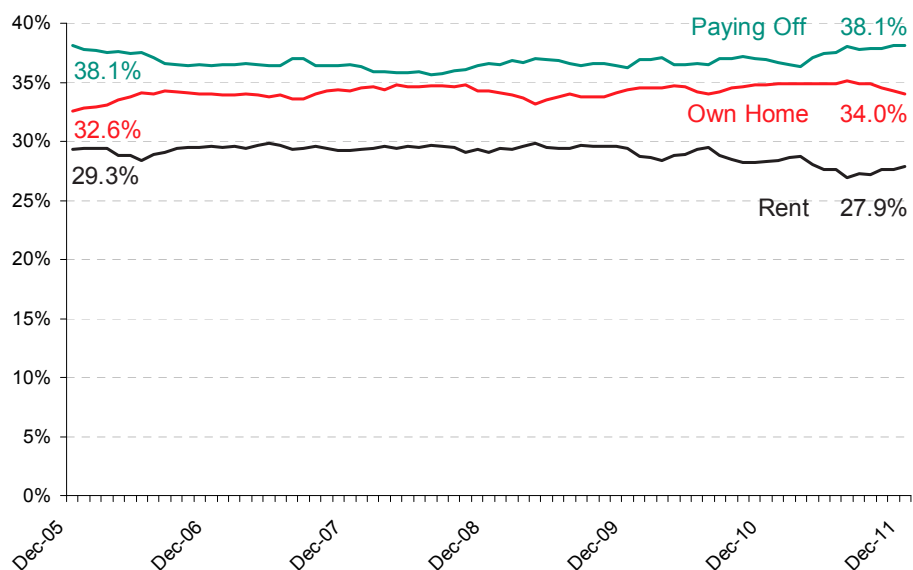


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 2.4 Home Ownership Shows Marginal Increase

The majority of New Zealanders (72.1%) own their own home or are paying it off. Despite this being only a marginal increase since 2005 (70.7%), it remains higher than Australia (66.9%). The past five years has seen a very gradual increase in the proportion of New Zealanders owning their home outright. Now 34% of New Zealanders aged 14 and over own their home outright or live in the family owned home (up from 32.6% in 2005) but this began to decline over the second half of 2011.

**Chart 12: Home Ownership**

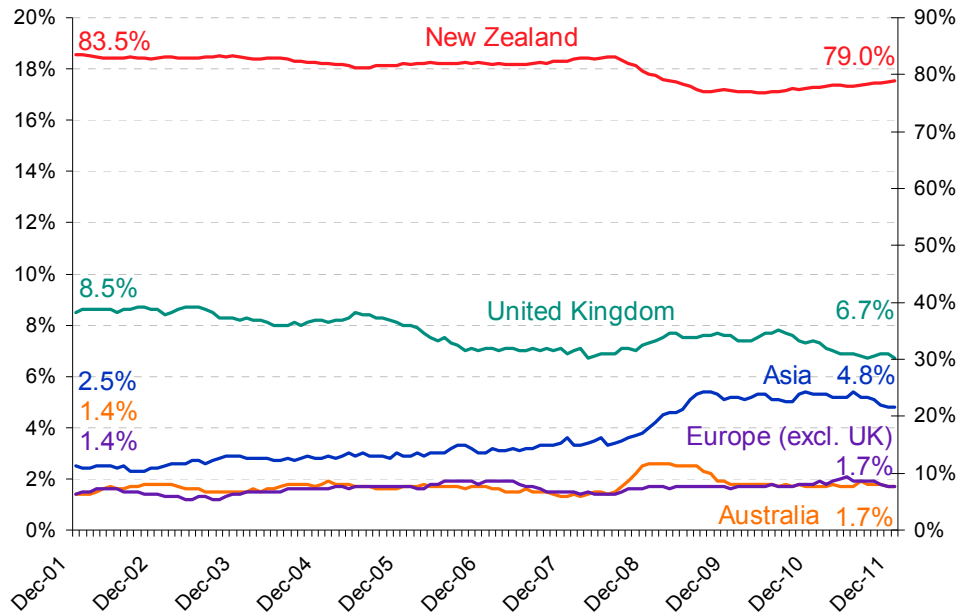


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 2.5 Increasing Population Diversity

Increasing immigration is diversifying New Zealand's population. Over the past decade there has been a drop in the proportion of residents born in New Zealand. In 2001, only 16.5% of the population was born overseas compared to 21% in 2011. Most of the increase in those born overseas has come from Asia.

**Chart 13: Country of Birth**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

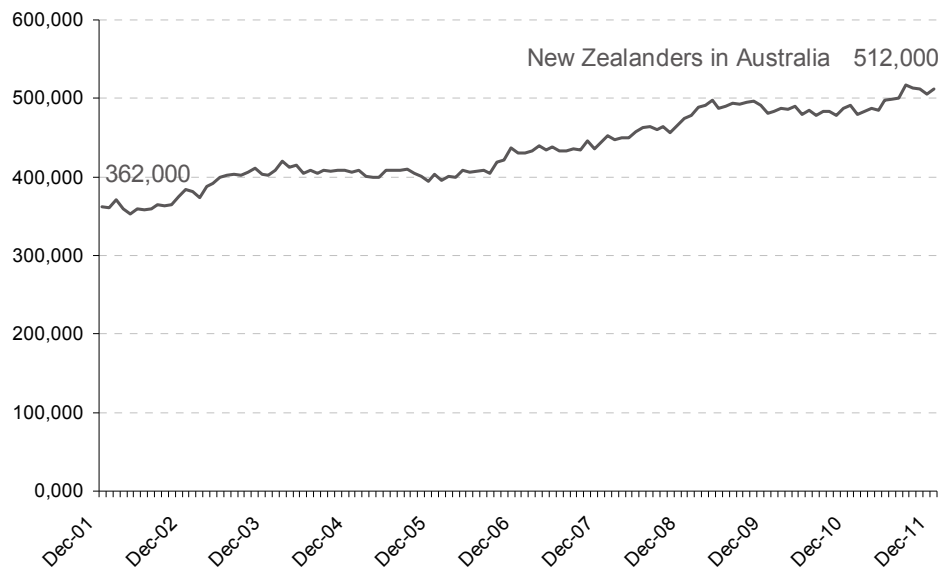


## 2.6 Migration to Australia

The number of New Zealanders who have migrated to Australia has increased from 362,000 as at December 2001, to 512,000 at December 2011. This number is equal to approximately 14% of the New Zealand residential population over 14 and indicates a preference by a lot of New Zealanders for economic prospects and social diversity in Australia.

The number of Australians who have migrated to New Zealand has increased from 43,000 as at December 2001, to 60,000 at December 2011.

**Chart 14: Number of People who migrated to Australia**

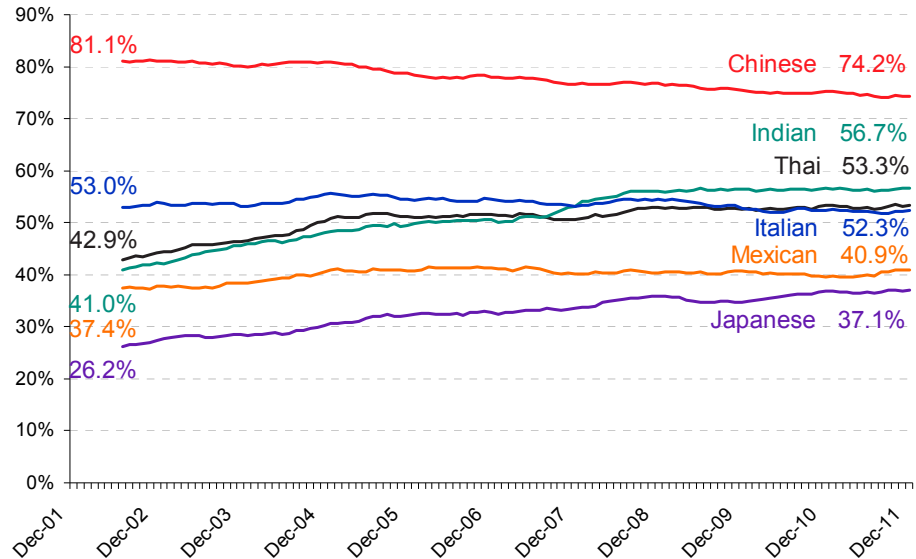


Base Aust Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 2.7 Changes in Cuisine Preferences

A decade ago the favoured international cuisine of New Zealanders was Chinese, followed by Italian. Today, however, these are slowly being challenged by new Asian influences such as Indian, Thai and Japanese. This in part reflects the diversified population and multi-cultural community.

**Chart 15: Like to Eat Various Cuisines**

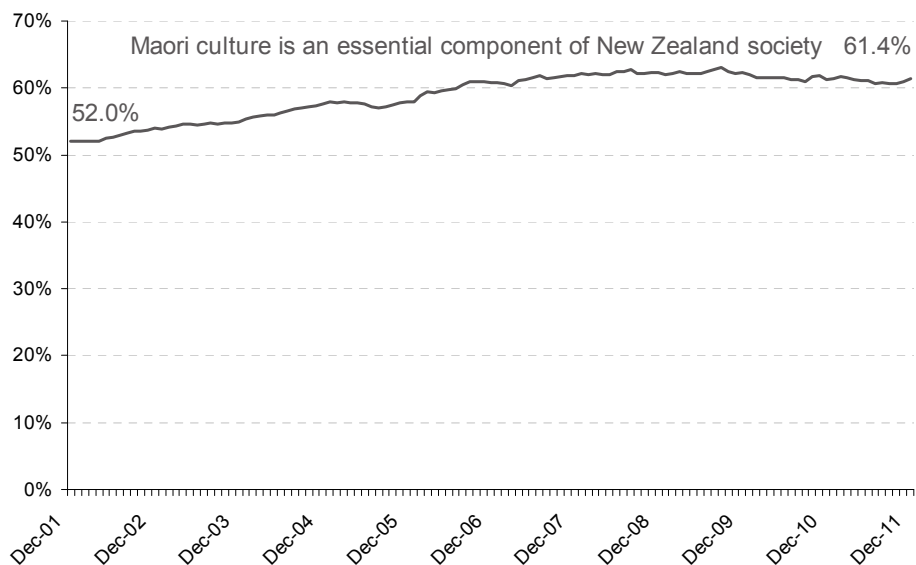


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 2.8 Maori Culture

Over the last decade there has been an upsurge in the realisation of the importance of Maori culture to New Zealand society. However over the past three years this has stopped increasing and has remained steady at around 61.4%, compared to 52% a decade ago.

**Chart 16: Maori Culture**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 2.9 New Zealand Becoming Less Attracted to New Things and Ideas

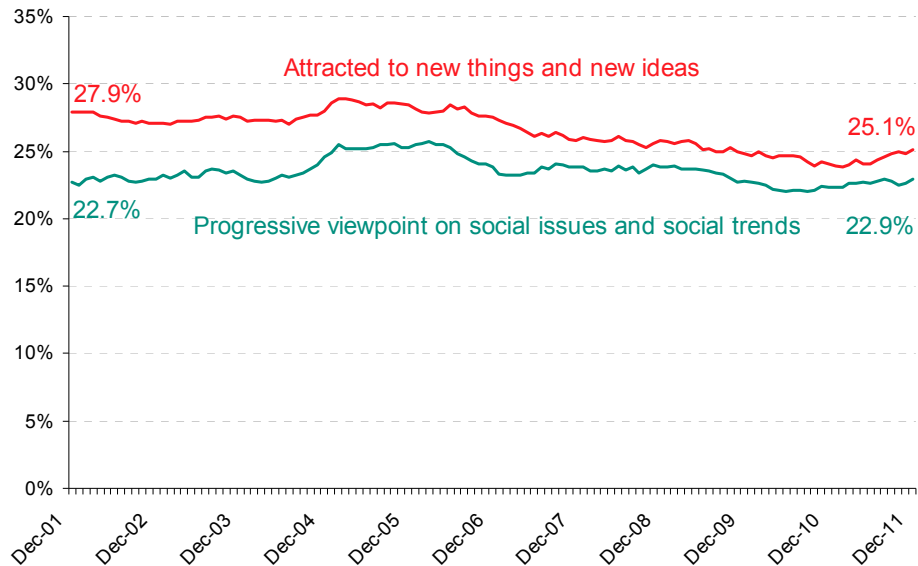
The first half of the last decade saw New Zealanders becoming increasingly socially progressive, attracted to new things and new ideas, and open minded about such things as homosexual couples adopting children, and technology. However over the last five or so years, this trend has halted and even reversed.

New Zealanders have become less attracted to new things and ideas over the last five years, with just over a quarter (25.1%) agreeing that they are "attracted to new things and new ideas", however there are signs that this trend is reversing. This trend is also similar to the level of agreement among New Zealanders that they have a "progressive viewpoint on social issues and social trends".

Despite this move towards social conservatism over the past decade, New Zealanders have continued to be increasingly open minded on issues of homosexuality and technology.

Despite what appears to be relatively small percentage shifts, these are solid trends based on 12,000 interviews per annum.

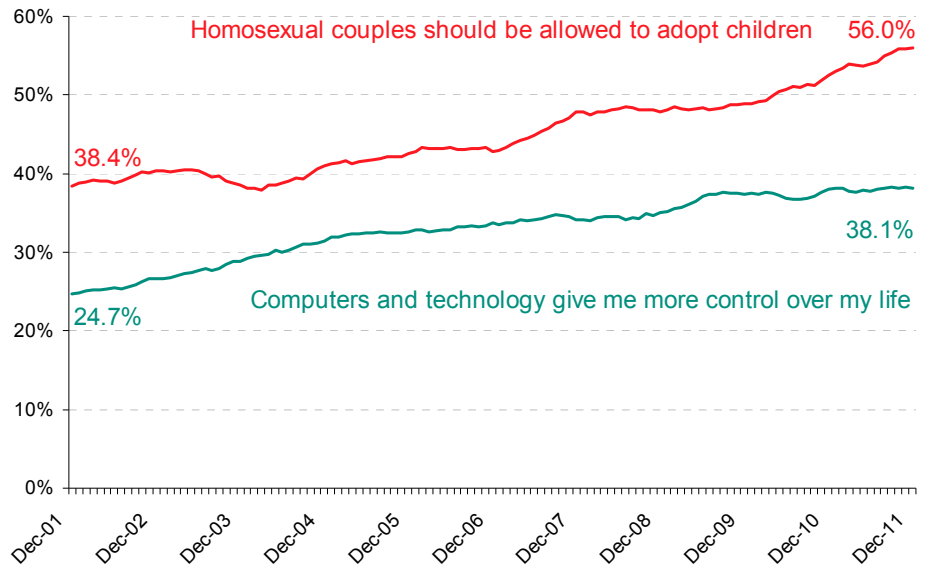
**Chart 17: Consider themselves Progressive and Attracted to New Things and New Ideas**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

New Zealanders have become more open minded in their attitudes to some key moral and social issues. There has been increased support for rights of homosexual couples to adopt children and an increased willingness to adopt and depend on new technology such as personal computing devices.

**Chart 18: Progressive Attitudes**

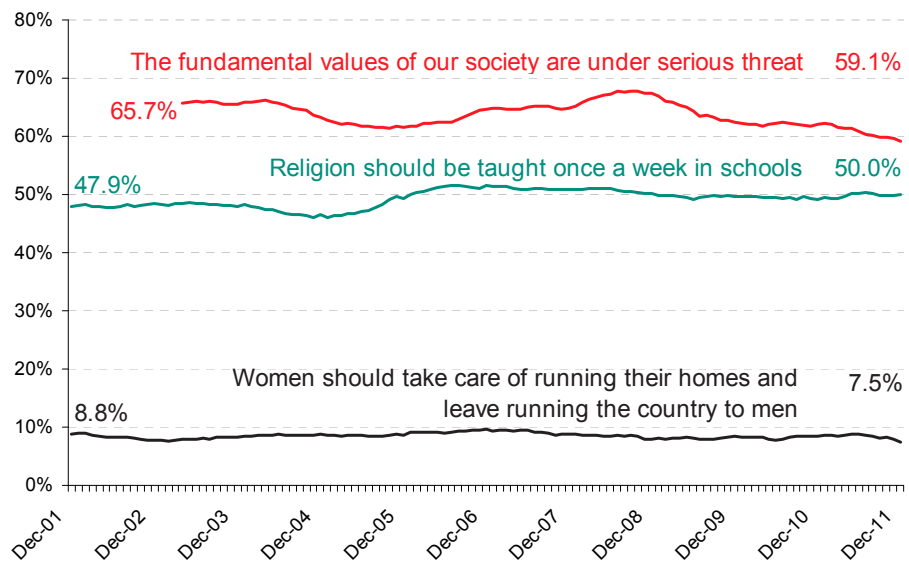


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

There has also been a gradual, yet fluctuating, declining trend in the majority held view that the fundamental values of our society are under serious threat. On the other hand, there has been a small increase in the belief that religion should be taught once a week in schools.

In the last 10 years there has been a slight decline in the level of agreement that 'women should take care of running their homes and leave the running the country to men'. Agreement with this is currently only 7.5%.

**Chart 19: Conservative Attitudes**

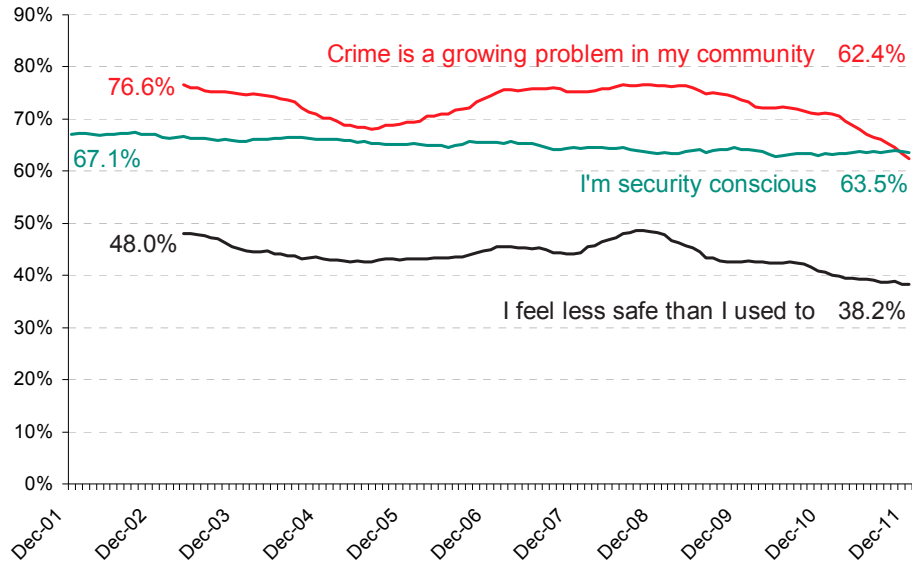


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 2.10 Less Concern with Safety and Security

Over almost a decade New Zealanders have become less concerned about their security in the community. There has been a steady decline in concern with security related issues such as "crime is a growing problem in my community," "I'm security conscious," and "I feel less safe than I used to."

**Chart 20: Concern with Security**

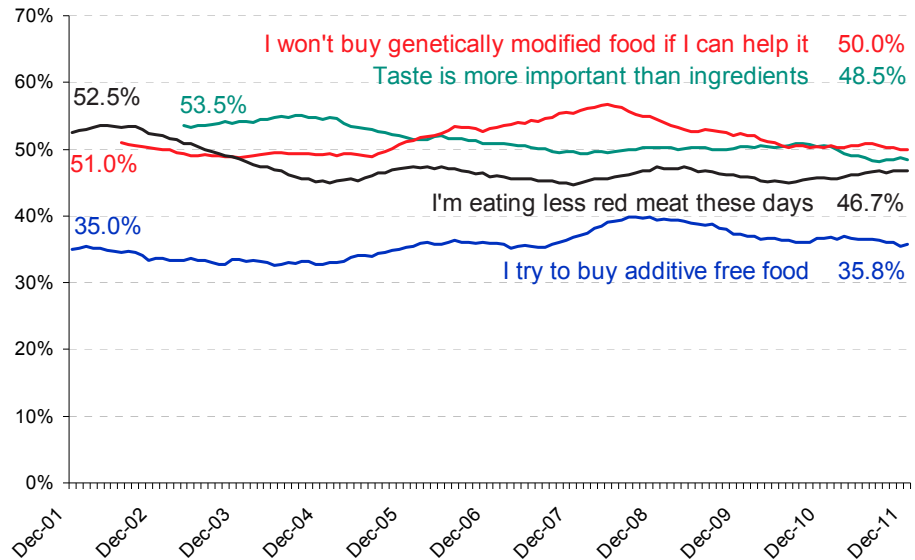


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 2.11 Food and Health Issues

New Zealanders are less concerned about eating red meat than they were a decade ago, but still have major concerns about genetically modified food and the ingredients in the food they consume.

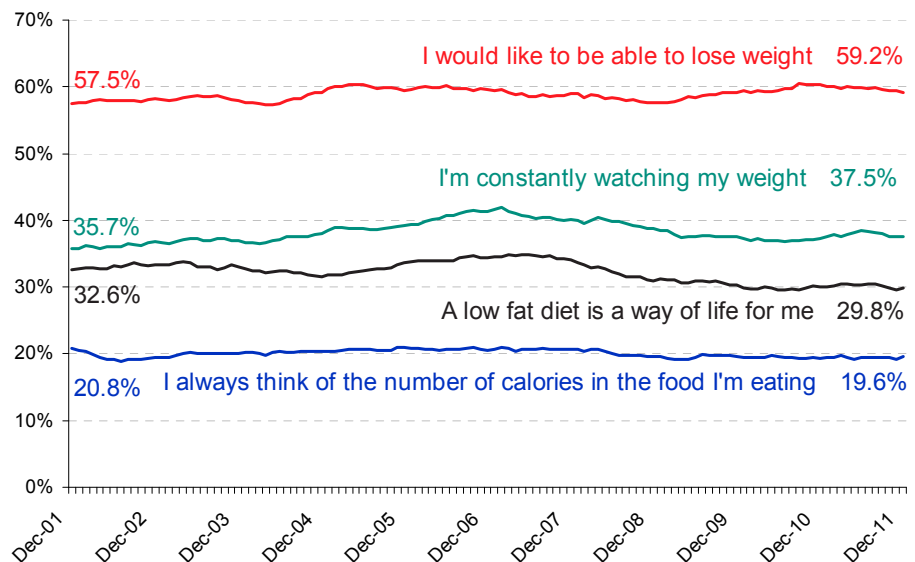
**Chart 21: Attitudes Towards Food**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Weight watching and concern about diet are now a staple part of New Zealanders' lives. The majority (59.2%) say they would like to be able to lose weight, and 37.5% constantly watch their weight. These issues appear to have become part of mainstream New Zealand life with around 29.8% saying that a low fat diet is a way of life for them.

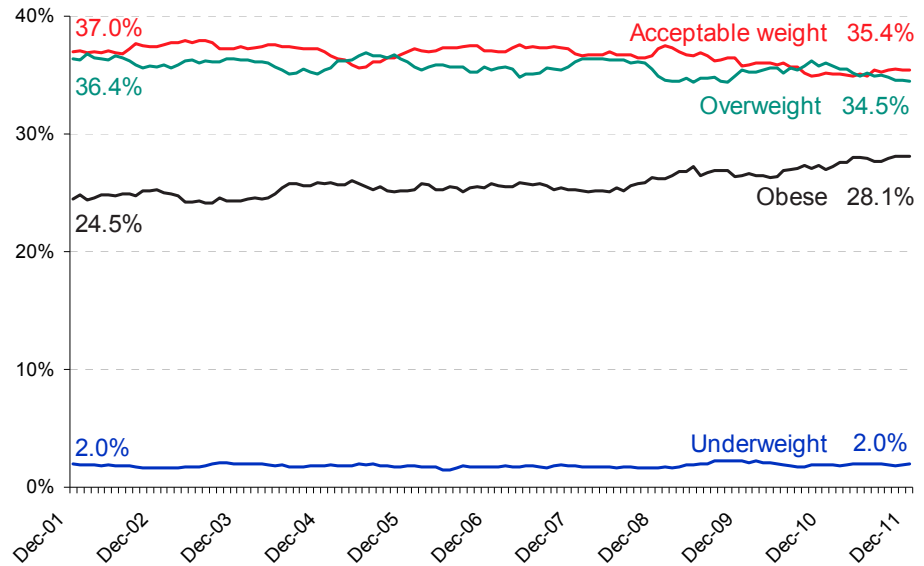
**Chart 22: Attitudes Towards Weight-Loss**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Despite the consistently large number of people wanting to lose weight, as a nation, New Zealanders are not getting slimmer. Over 60% of New Zealanders are now either overweight or obese according to their Body Mass Index. Over the last decade it has been the obese group that has increased the most with an increase of 3.6 percentage points to 28.1%.

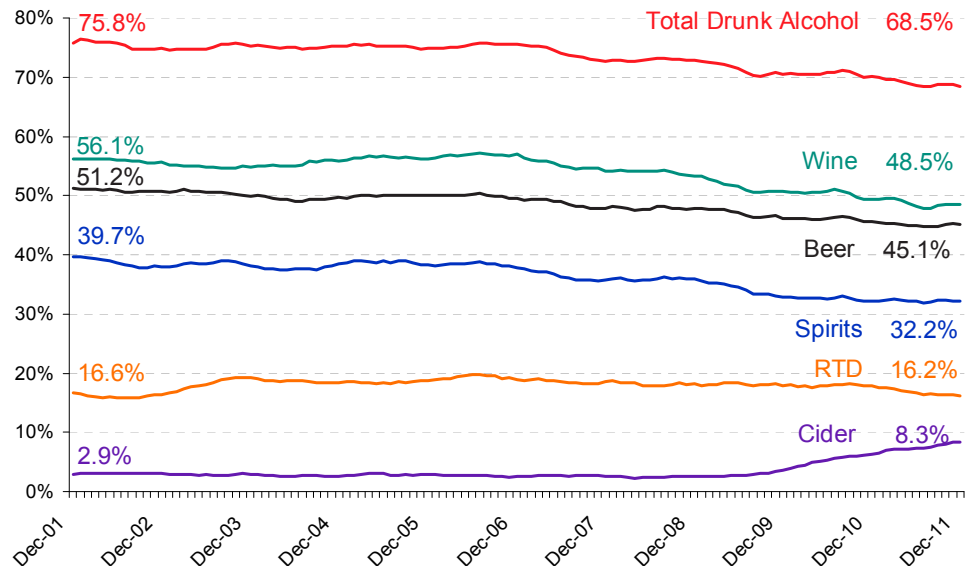
**Chart 23: Body Mass Index (BMI) Group**



Base NZ Population 18+  
Source: Roy Morgan Research; 12 month moving average.

The incidence of alcohol consumption continues to decrease at a gradual rate. In line with this trend, most types of alcoholic beverage consumption have declined since 2001 levels, except for cider which has increased significantly over the past two years.

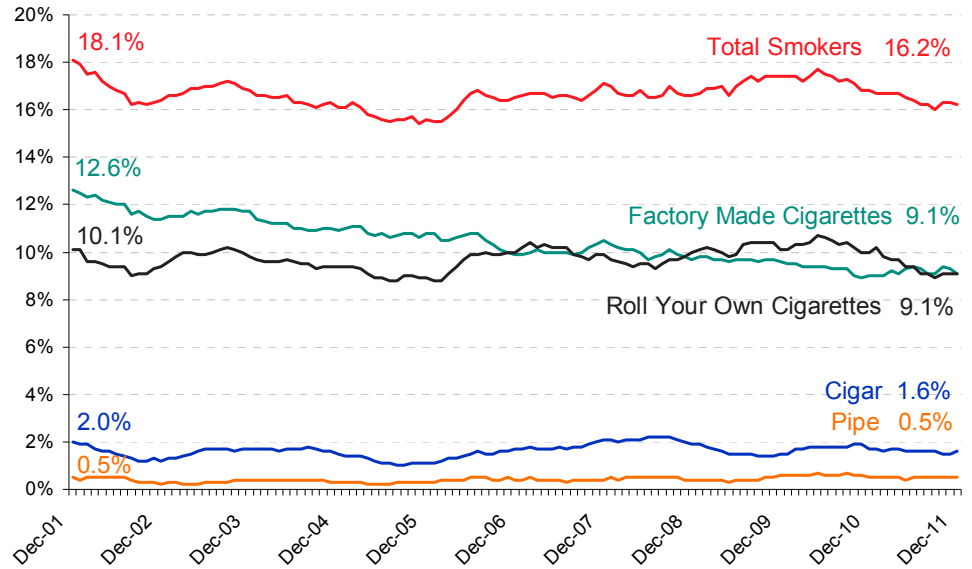
**Chart 24: Alcohol Consumption**



Base NZ Population 18+  
Source: Roy Morgan Research; 12 month moving average.

The proportion of people smoking has declined from 18.1% in 2001 to 16.2% in December 2011. The main decline has been in factory made cigarettes, with other categories remaining steady or experiencing very small declines.

**Chart 25: Smoking Prevalence**



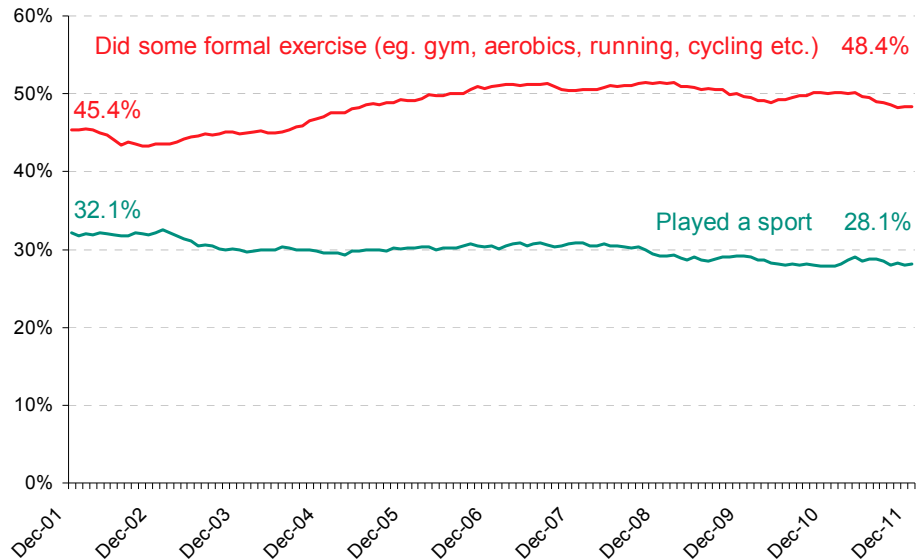
Base NZ Population 18+  
Source: Roy Morgan Research; 12 month moving average.



## 2.12 Changing Leisure Activities

There had been an increase in the proportion of people doing some formal exercise (e.g. gym, aerobics) in the five years up to 2006 but this has recently begun to show some early signs of decline. Over the last 10 years there has been a gradual decline in the proportion playing some form of sport.

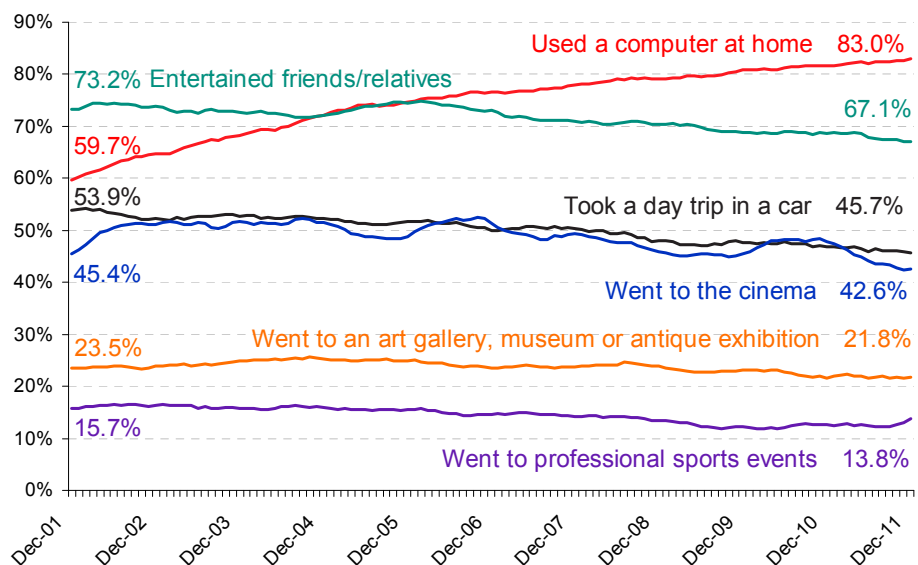
**Chart 26: Participation in Sport/Exercise**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Traditional leisure activities such as taking day trips in cars and entertaining friends/relatives have shown a continuous decline. These activities represent an opportunity for face-to-face social interaction. In general we are seeing a change in leisure activities away from traditional group/family activities toward more individual pursuits and online. Using a computer at home is the number one activity as we progressively spend more of our lives online.

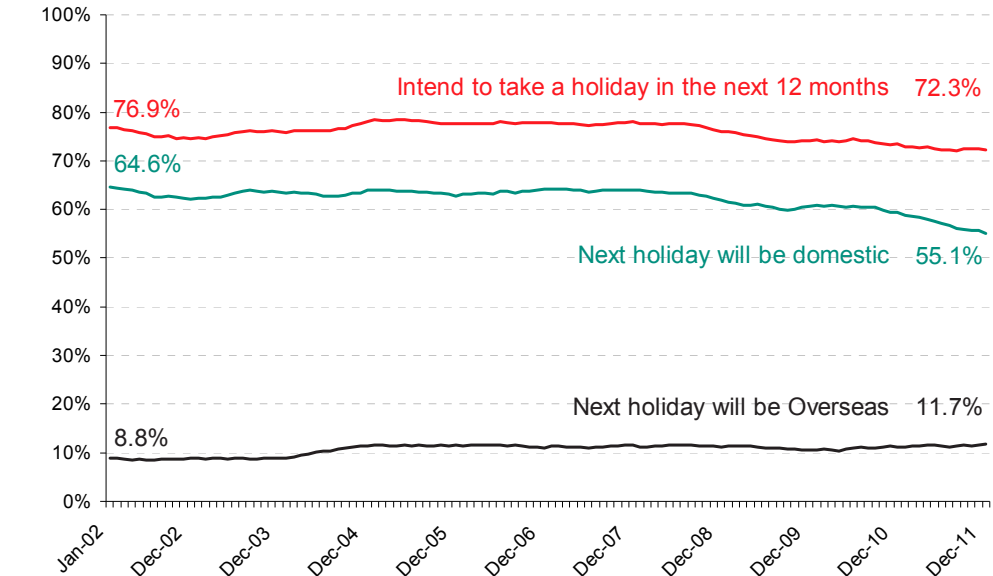
**Chart 27: Participation in Other Leisure Activities**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

The proportion of New Zealanders intending to holiday has declined slightly over the past nine years. Domestic holiday intention has declined gradually since 2008, whereas overseas holiday intention has remained around 11% for the past seven years.

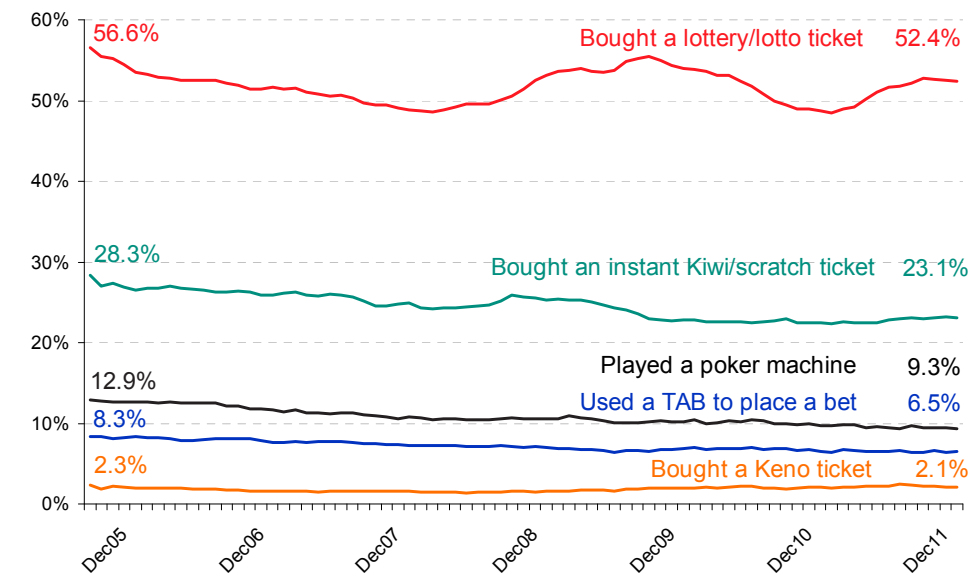
**Chart 28: Holiday Intention**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

The proportion of those gambling has declined across all areas since 2005. Lottery ticket buyers have decreased from 56.6% in 2005, to 52.4% in December 2011, although they have shown some increase over the past 12 months. Poker machine players have decreased from 12.9% in 2005, to 9.3% in December 2011, and instant Kiwi/scratch tickets have declined from 28.3% to 23.1%.

**Chart 29: Participation in Gambling**

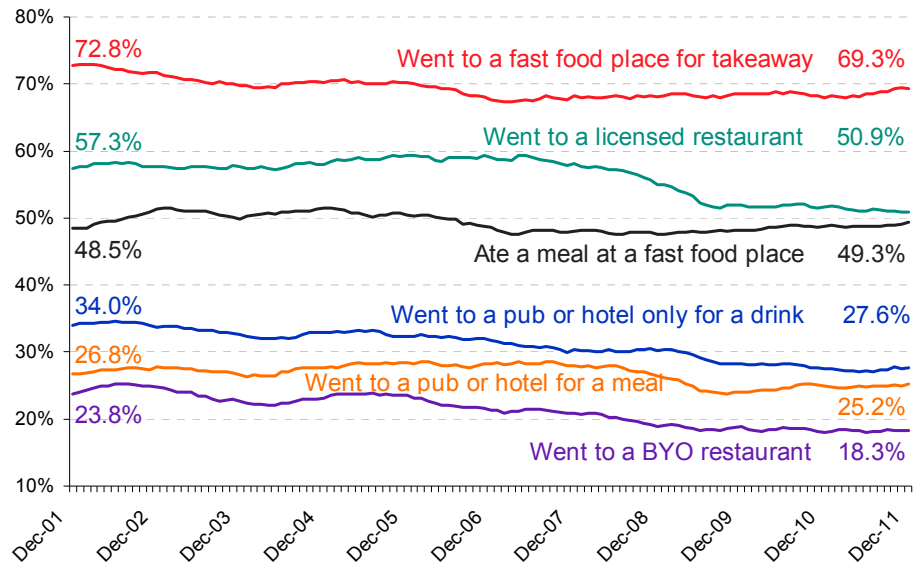


Base: NZ Population 18+  
Source: Roy Morgan Research; 12 month moving average.

Over the past decade, and especially the last 5 years, there has been a general decline in most forms of eating out. Both ends of the market are down as is shown by the fact that Restaurants (both licensed and BYO) as well as ordering takeaway have declined. Going to a pub for a meal has also declined.

Despite the general downward trend since 2001, most areas of eating out appear to have either halted their decline, or picked up a little over the past 12 months.

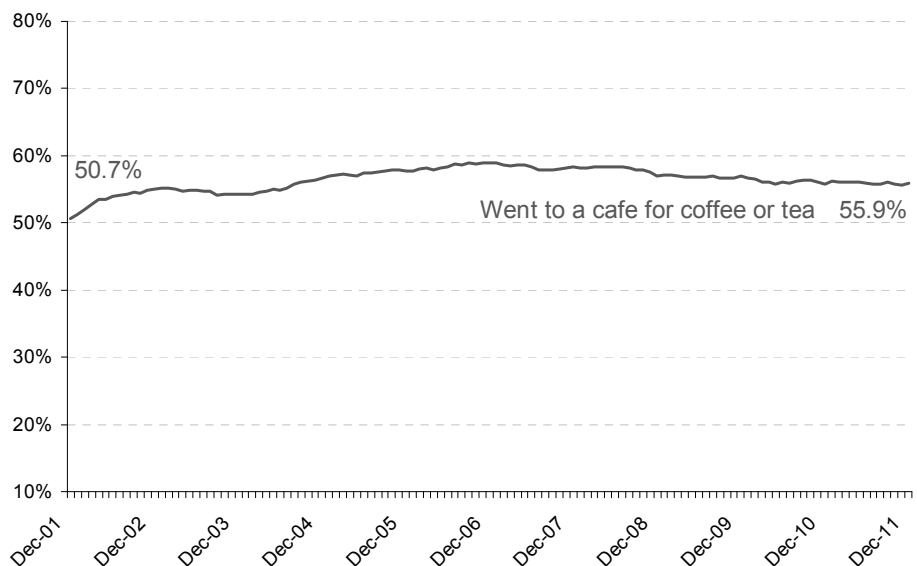
**Chart 30: Eating Out in last 3 months – Declining Behaviour**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Going to a café for a coffee or tea has increased compared to 10 years ago, but over the last four years it has shown a gradual decline.

**Chart 31: Going to Café Now Showing Downward Trend**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

### 3 TECHNOLOGY

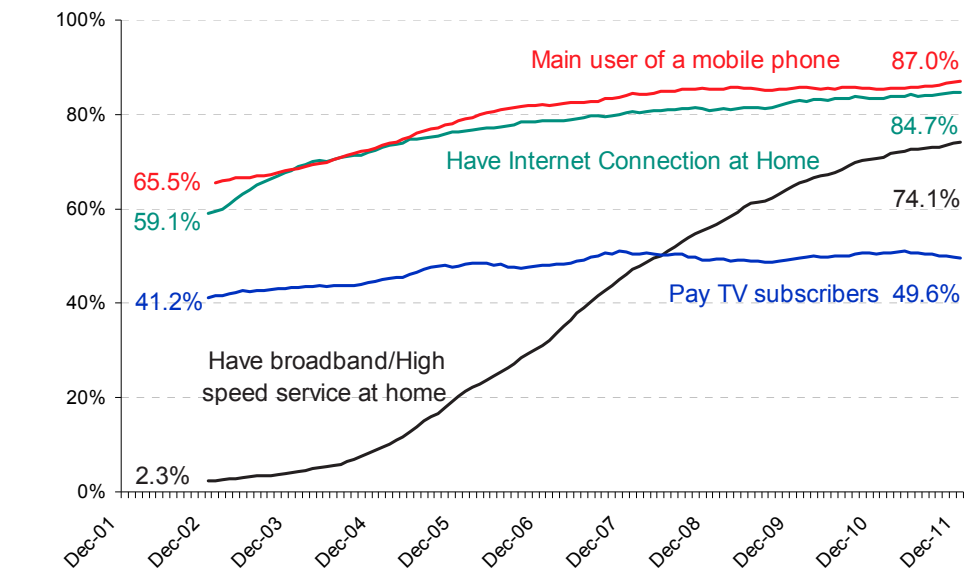
Over the past nine years there has been a proliferation of information and communication technologies. In particular, the rise of the internet has had a major impact on all aspects of life, especially telecommunications, media, banking, entertainment, social interaction, real estate and retail.

#### 3.1 Telecommunications Revolution

Broadband and mobile phones are growing to dominate the communication space and displacing the traditional fixed land line. Mobile telephones (87%) now represent a revolutionary move to person-to-person communication rather than the traditional household-to-household method.

The rise in broadband adoption in the last few years has been associated with greater content availability, demand, file sizes, and the increasing capacity of hardware and software. Both TelstraClear and Telecom have rolled out an extensive broadband network. The rapid adoption of new technology appears to have been largely unaffected by the economic downturn.

**Chart 32: Telecommunications**

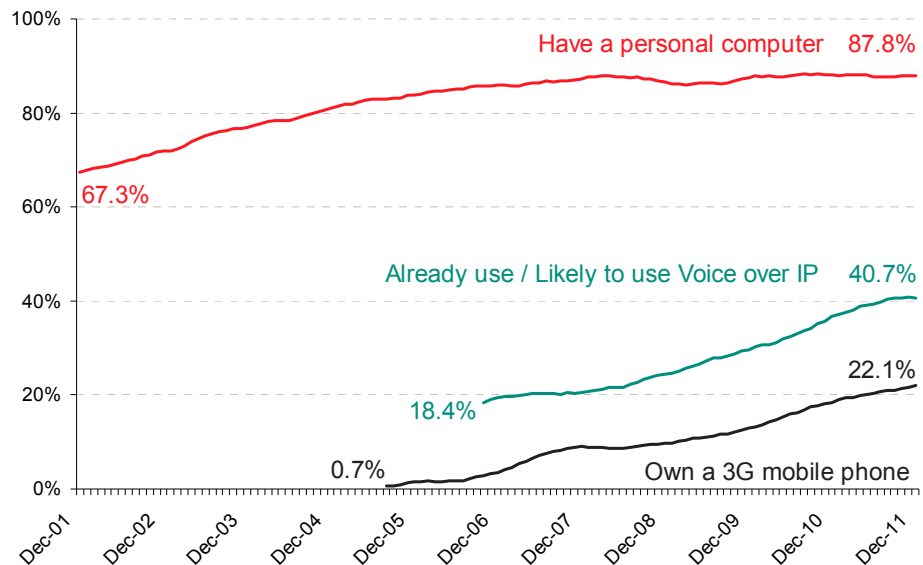


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

### 3.2 Rapid Adoption of Technological Products

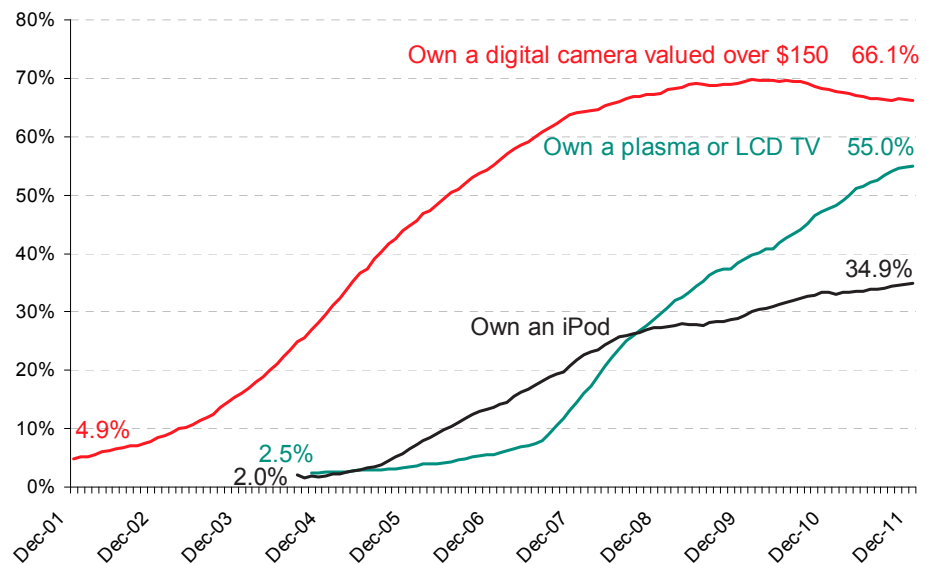
In the last five years especially, a raft of new technological products have revolutionised the entertainment and communication landscape. Ownership of a plasma/LCD TV has risen from 2.5% in early 2004 to 55% in December 2011, and digital camera ownership has gone from around 4.9% in 2001 to 66.1% in 2011. New Zealanders who own a 3G mobile phone has increased from under 1% in 2005 to 22.1% in 2011.

**Chart 33: New Communication Technological Products**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

**Chart 34: New Entertainment Technological Products**

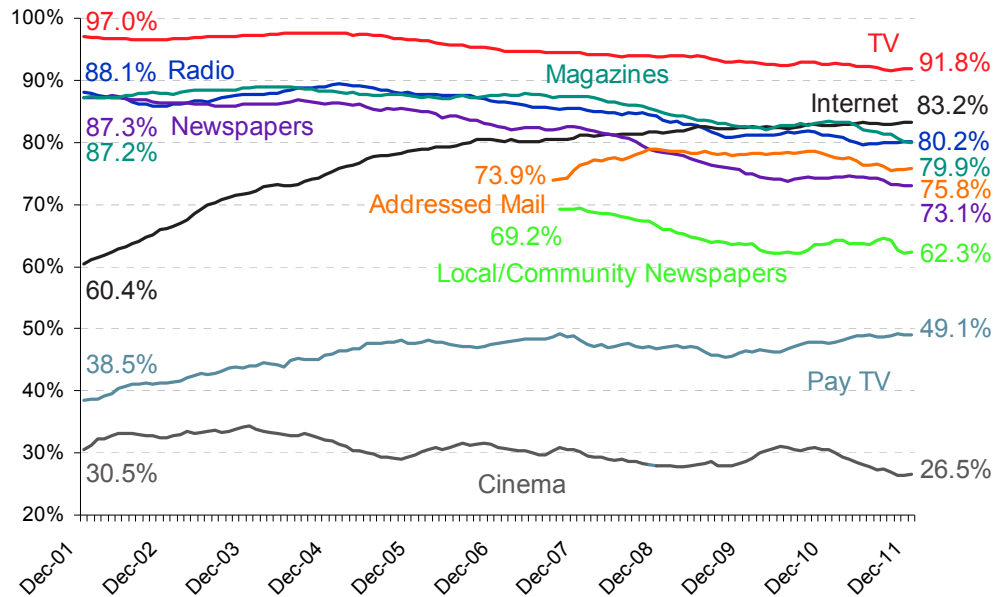


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

### 3.3 Internet Growth Changes Media Consumption

Whilst TV continues to dominate, there has been a rapid rise in the use of the internet, putting pressure on all other media. There has been some blurring of the traditional media boundaries, for example print has embraced online in order to increase its readership. Radio and magazines have decreased and are now being threatened by the internet. The only two media types other than internet that have increased over the decade are addressed mail (now in decline) and pay TV. A deeper analysis of time spent with the various forms of media, such as heavy usage, shows an even more dramatic pattern of change.

**Chart 35: Use of Major Media Types**



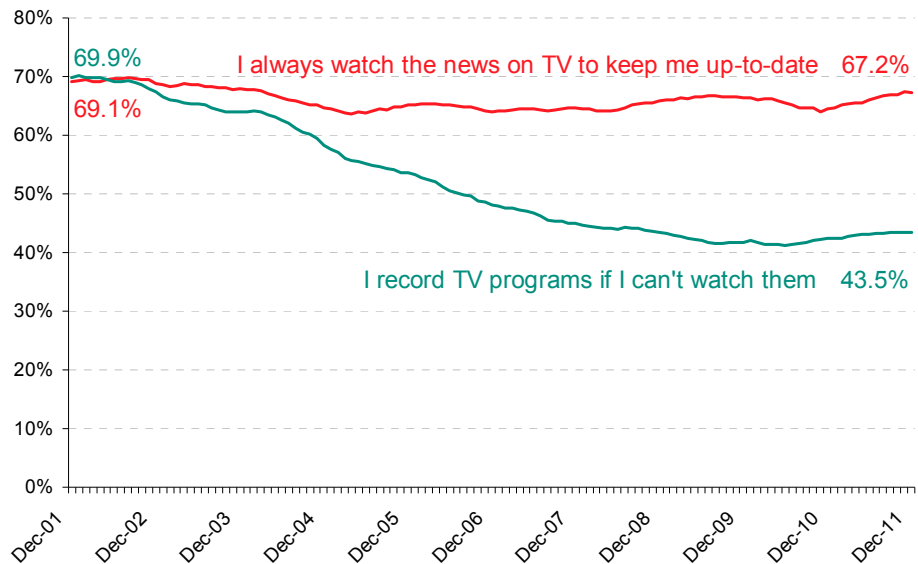
Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Definition of media in Chart 35:

TV	Watched any Commercial TV on a normal weekday
Radio	Listened to any Commercial Radio on a normal weekday
Cinema	Been to Cinema in last 4 weeks
Newspapers	Read any Newspaper in last 7 days (excl. Online Newspapers & Community Newspapers)
Local/Community Newspapers	Read any Local/Community Newspapers in the last 7 days
Magazines	Read any Magazine (last issue)
Internet	Accessed the Internet at least monthly
Pay TV	Watched Pay TV in the last 7 days
Addressed Mail	Read any Addressed Mail in last 7 days

In addition to the trend of watching less television, there have also been changes to how it is watched. Over the last decade there has been a major reduction in the proportion of people who record programmes if they can't watch them, most likely due to the ability to download them and "time shifting" programmes which they may not consider recording. People are also not replacing video recorders with DVD recorders as their video recorders wear out. There has also been some reduction in watching news on TV compared to 10 years ago but this had held steady since 2004.

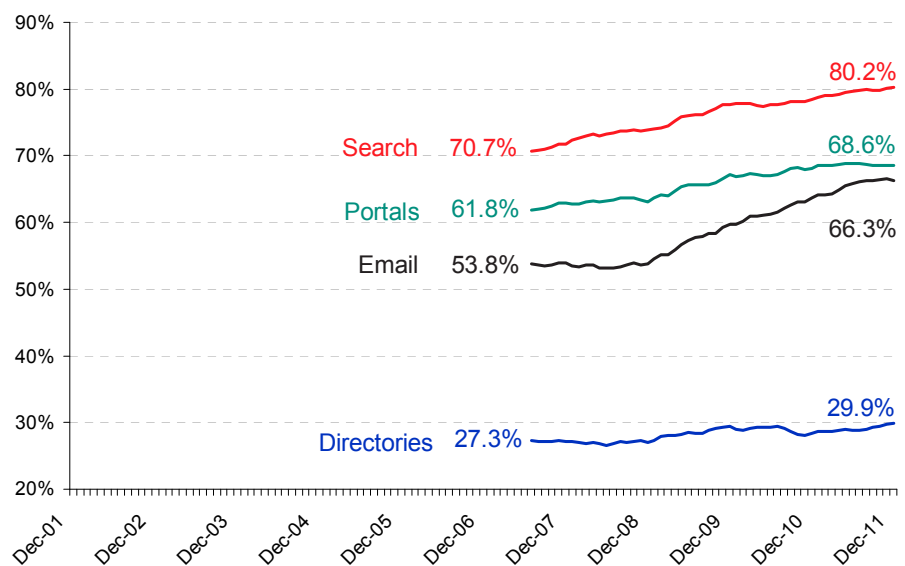
**Chart 36: TV habits**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Rapid penetration of the internet, especially broadband, has resulted in increased usage of all types of websites; the biggest growth being Email – up from 53.8% in 2007, to 66.3% in 2011.

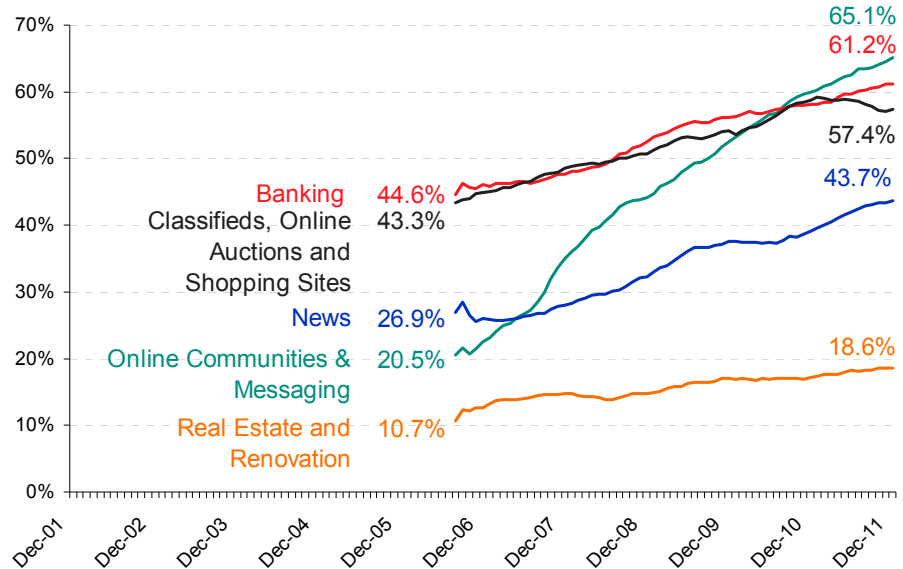
**Chart 37: Visited Traditional Website in Last 4 Weeks**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Fast growth can be seen in the Online Community & Messaging category over the last five years – up from 20.5% to 65.1%. No other category monitored has experienced such rapid growth in such a short period of time. Other fast growth categories include Banking sites where the proportion of New Zealanders visiting has increased from 44.6% to 61.2%, and Classifieds, Online Auctions and Shopping Sites where the proportion has increased from 43.3% to 57.4%.

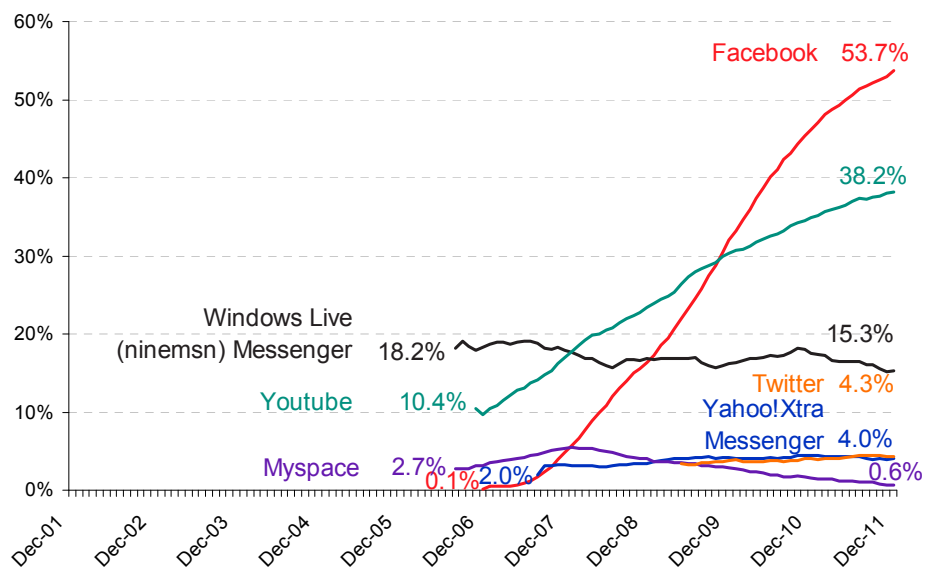
**Chart 38: Commercial and Community Website Visited in Last 4 Weeks**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

The rapid growth in Online Community & Messaging has been driven predominately by the growth of Facebook (from 0.1% in December 2006, to 53.7% in December 2011) and YouTube (from 10.4% in November 2006 to 38.2% in December 2011). Twitter has not had as much impact, with no significant increase in the proportion of New Zealanders who visit it (remaining around 4% since its inclusion in the survey two years ago).

**Chart 39: Online Community or Messaging Website visited in Last 4 Weeks**

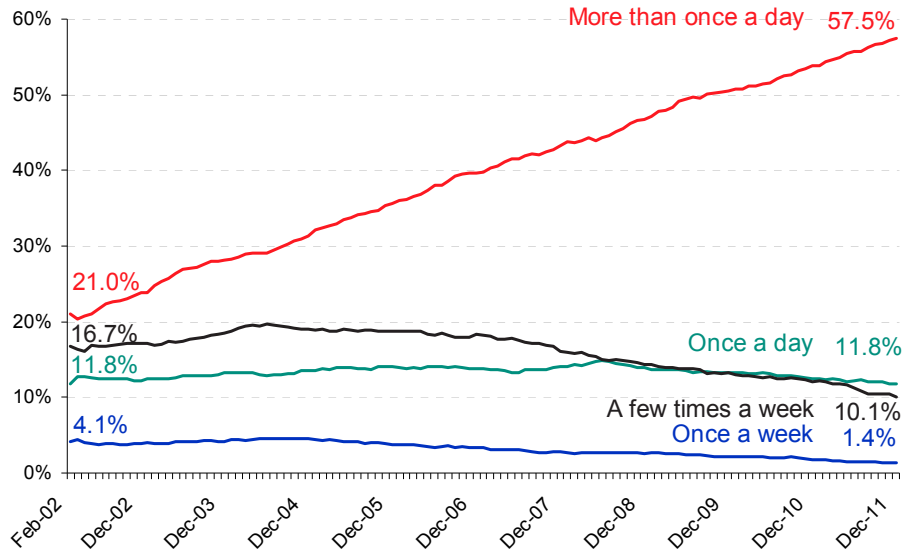


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.



The majority of New Zealanders today are online more than once a day (57.5%), increasing from 21.0% in 2002. The proportion of people going online a few times a week has decreased steadily since mid 2004. This trend looks set to continue with a growing number of people more likely to use the internet on a day-to-day basis for reasons such as banking or communicating with friends.

**Chart 40: Frequency of Internet Use**

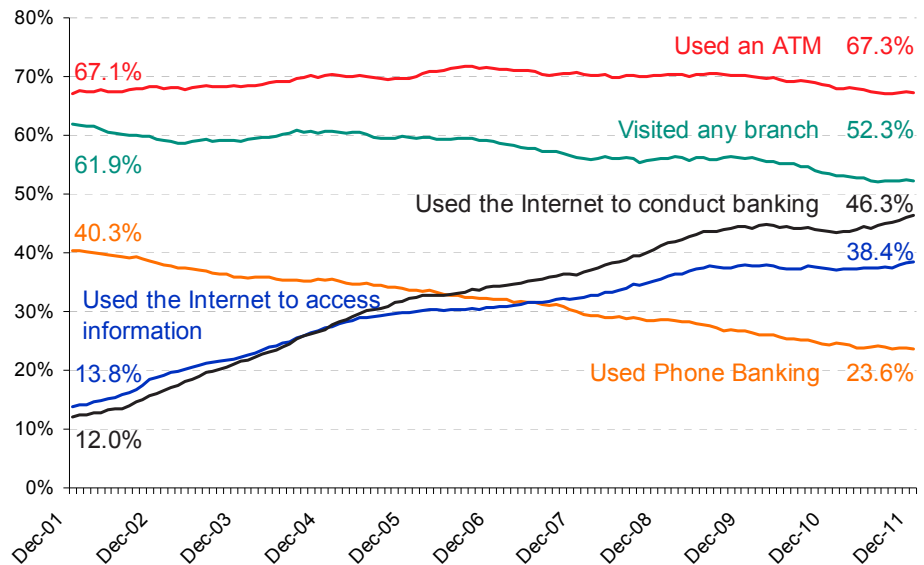


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

### 3.4 Technology Changes Banking Customer Interaction

Banking is a good example of how the internet is changing the way people interact with their financial service providers. Online banking has enjoyed solid growth over the last ten years, at the expense of branch visits and phone banking. The ATM remains the most frequently used channel to conduct banking. In Australia, internet banking has now overtaken branch visitation.

**Chart 41: Major Banking Channels Used in the Last 4 Weeks**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

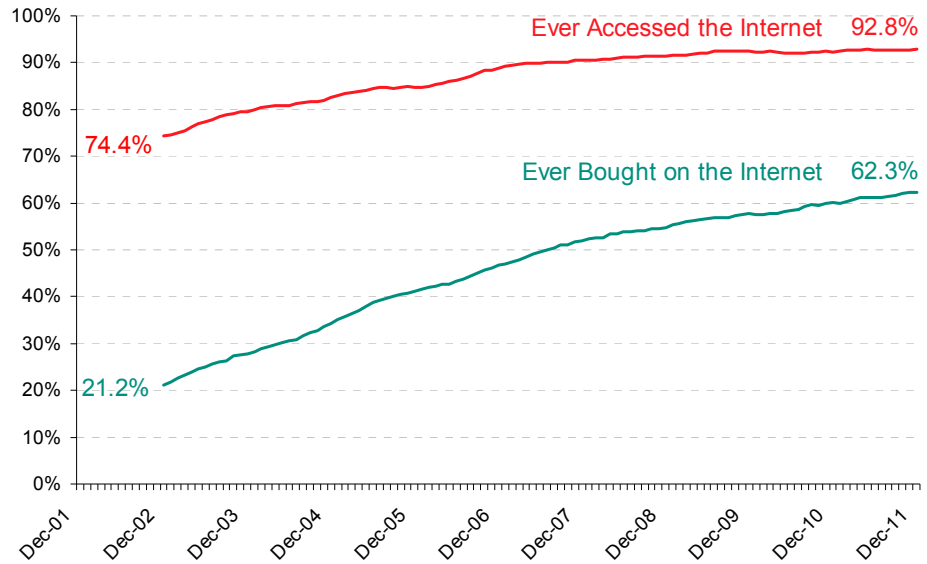
The implication of this change for banks and their customers is that the lack of personal interaction may possibly lead to a weakening of traditional relationships and loyalty, resulting in reduced barriers to mobility.

### 3.5 Shopping on the Internet Increases

The majority of New Zealanders (62.3%) have now bought something over the internet.

With the increase in internet access and internet banking, purchasing goods and services on the internet has almost tripled over the last nine years. The current level of internet access and purchasing are both higher than in Australia (92.3% accessed and 53.7% purchased).

**Chart 42: Used or Purchased on the Internet**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

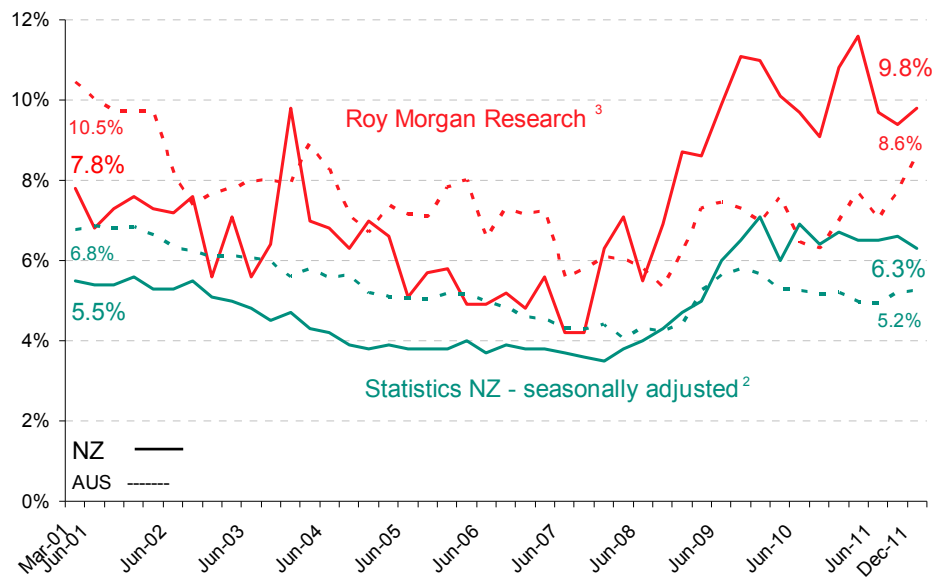
## 4 ECONOMY

### 4.1 Increase in Unemployment

The level of unemployment as measured by Roy Morgan was generally declining to late 2007 when it was around 4%, but as a consequence of the global financial crisis it started to rise again in early 2008, and is now at 9.8% (245,000) in December 2011.

The official Statistics NZ seasonally adjusted unemployment rate<sup>2</sup> is 6.3% at December 2011. The Roy Morgan unemployment rate<sup>3</sup> is 3.5 percentage points higher at 9.8% (December 2011), due to a tougher and more rigorous unemployment definition.

**Chart 43: Unemployment - Quarterly**



Base: NZ Population 14+ in workforce (Roy Morgan Research)  
Base: NZ population 15+ in workforce (Statistics NZ)

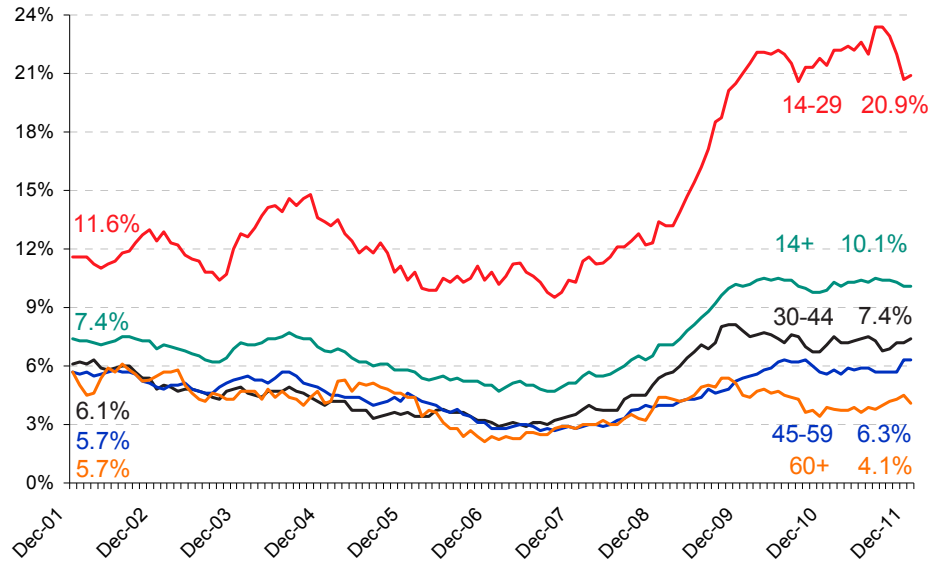
The pattern for Australia was a little different to New Zealand, showing higher unemployment levels than New Zealand leading up to the GFC, but since then is trending much lower than New Zealand. The downturn in economic conditions in New Zealand is obviously having much greater impact on unemployment than the better performing Australian economy.

<sup>2</sup> Statistics NZ consider all persons in the working-age population (15+) who, during the reference week worked for one hour or more, to be "employed".

<sup>3</sup> Roy Morgan Research includes all people (14+) who are not employed full or part time and who say they are looking for work. (Statistics NZ does not include the underemployed in their quarterly unemployment survey).

Analysis of unemployment by age groups clearly shows young people are the hardest hit, this is an historical pattern and is consistent with the Australian trend. Similarly those without skills are also more likely to suffer unemployment than skilled or professional people.

**Chart 44: Unemployment by Age Group**

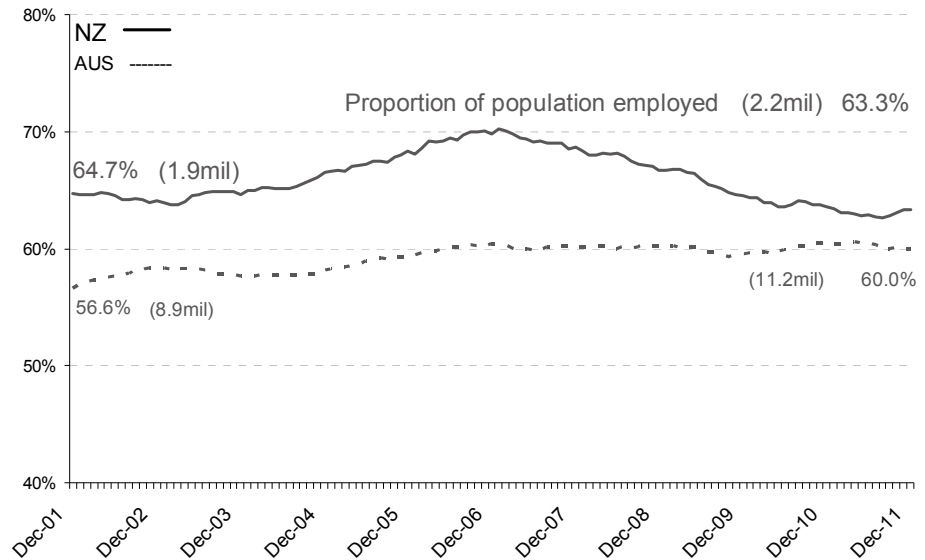


Base: NZ population 14+ in workforce (Roy Morgan Research), 12 month moving average.

## 4.2 Increase in Number Employed but Drop In Participation Rate

According to Roy Morgan employment<sup>4</sup> data, employment numbers increased from 1.9 million people (aged 14+) in December 2001, to a peak of 2.3 million people in January 2007. But since then, however, there has been a steady decline in the workforce participation rate which is less than what it was ten years ago (currently 63.3% compared to 64.7% in 2001) and as a result the number of people employed has dropped to 2.2 million.

**Chart 45: People in Employment**



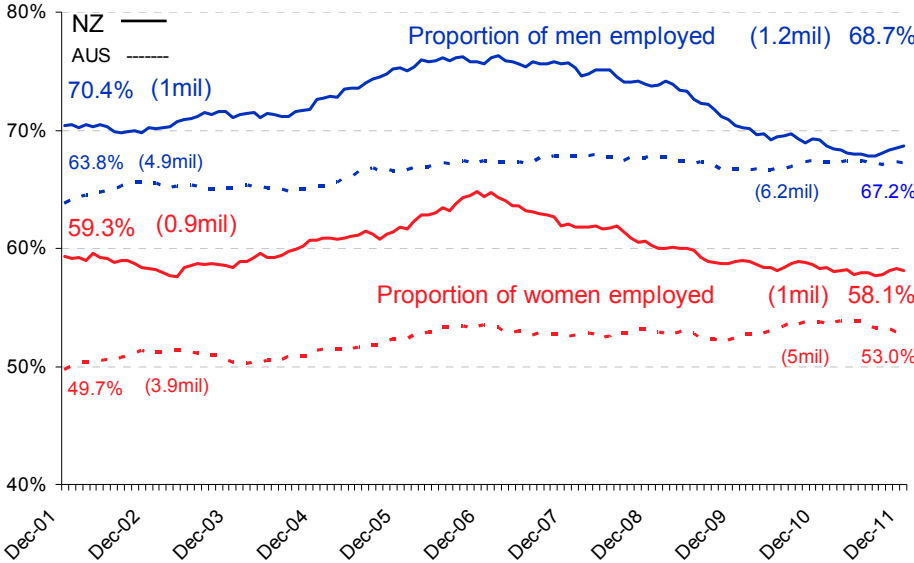
Base NZ Population 14+, Australian Population 14+  
Source: Roy Morgan Research; 12 month moving average.

Despite the drop in the New Zealand workforce participation rate to 63.3%, it remains higher than the Australian figure of 60%. Australia has had a greater increase in the number employed (25.8%) compared to New Zealand (15.8%) and has an upward trend in the participation rate compared to the downward trend for New Zealand.

<sup>4</sup> Roy Morgan Research employment estimates are based on percentages of and projections to the population aged 14 and over (not 15 and over as Statistic NZ uses). This is because people as young as 14 are working, and are thus part of the potential pool from which workers can be attracted.

The decline in New Zealand workforce participation over the last decade has been by both men (-1.7%) and women (-1.2%).

**Chart 46: People in Employment – Males and Females**



Base NZ Population 14+, Australian Population 14+  
Source: Roy Morgan Research; 12 month moving average.

In the last 10 years men have experienced a decrease in the proportion in full-time jobs, but an increase in part-time jobs, whereas the trend for women has been the opposite. Table 3 shows that over the last ten years the proportion of the population in full time work has decreased by 1.3 percentage points and part time work has decreased by 0.2 percentage points.

**Table 3: Workforce Structure – New Zealand**

		Dec-01	Dec-11	Change 01 - 11
<b>Men</b>	Full time	59.0%	56.2%	-2.8%
	Part time	11.4%	12.5%	1.1%
	Total workers	70.4%	68.7%	-1.7%
<b>Women</b>	Full time	28.4%	28.4%	0.0%
	Part time	30.9%	29.6%	-1.3%
	Total workers	59.3%	58.1%	-1.2%
<b>Total Population</b>	Full time	43.2%	41.9%	-1.3%
	Part time	21.5%	21.3%	-0.2%
	Total workers	64.7%	63.3%	-1.4%

Base NZ Population 14+  
Source: Roy Morgan Research; 12 months to December 2001 & 12 months to December 2011

By comparison with New Zealand, Australia has shown a positive growth in workforce participation over the last 10 years, but the growth has come mainly from an increase in part time employment.

**Table 4: Workforce Structure - Australia**

		Dec-01	Dec-11	Change 01 - 11
<b>Men</b>	Full time	53.0%	54.2%	+1.2
	Part time	10.8%	13.0%	+2.2
	Total workers	63.8%	67.2%	+3.4
<b>Women</b>	Full time	26.0%	27.3%	+1.3
	Part time	23.7%	25.8%	+2.1
	Total workers	49.7%	53.0%	+3.3
<b>Total Population</b>	Full time	39.3%	40.6%	+1.3
	Part time	17.4%	19.5%	+2.1
	Total workers	56.6%	60.0%	+3.4

Base Aust Population 14+  
Source: Roy Morgan Research; 12 months to December 2001 & 12 months to December 2011

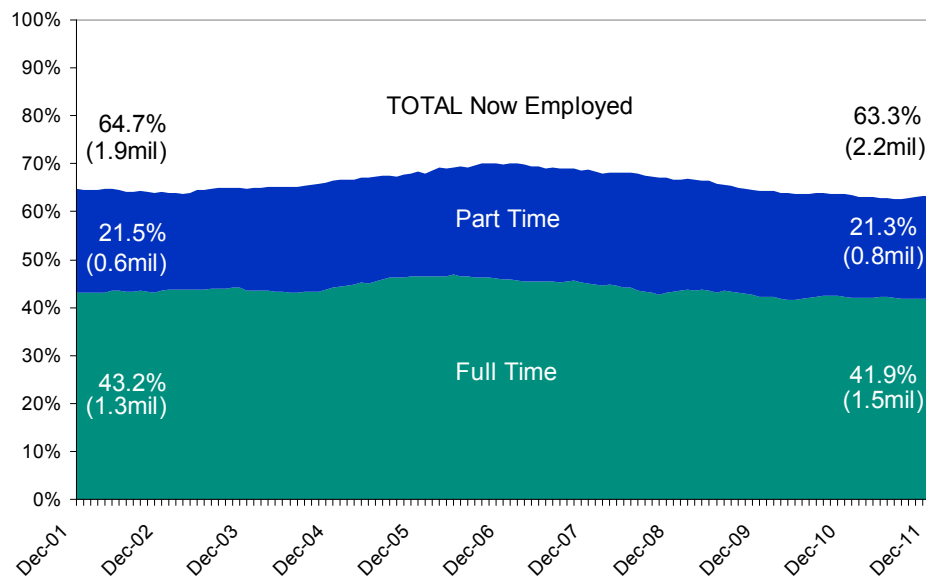


In 2001 New Zealand had 5.2% or 153,000 people aged 14+ looking for work. Now there are 7.2% or approximately 251,000. But 10 years ago there were 30.2% (0.9 million people) not working and not looking for work – it's now 29.6% (1.04 million). There has been a small decline in the employment rate from 64.7% to 63.3%.

This real decline in employment has implications:

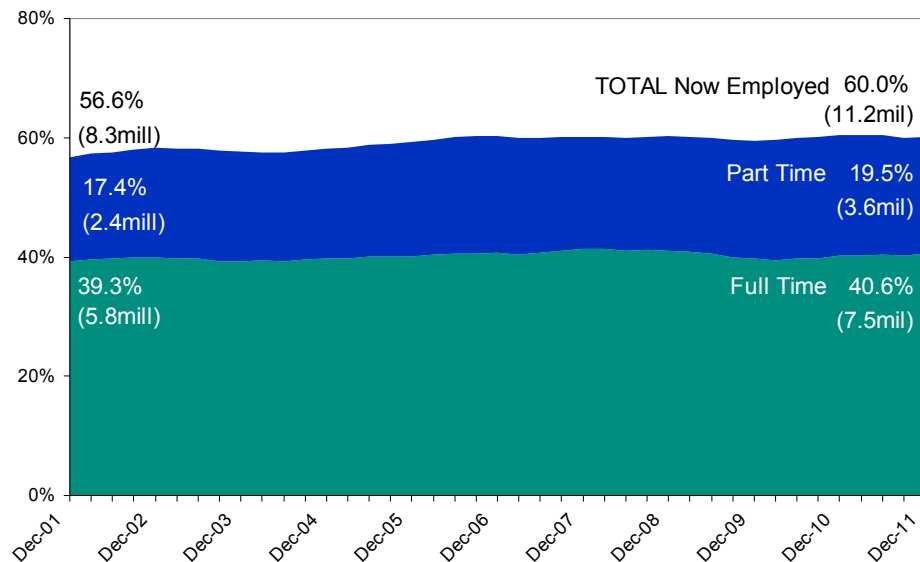
- People have more free time; which in turn impacts on leisure activities, time for shopping, time for socialising, caring for others.
- On the other hand, people have less money, which in turn leads to a slowdown in expenditure and economic growth.

**Chart 47: Decreasing % of New Zealanders in Employment**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

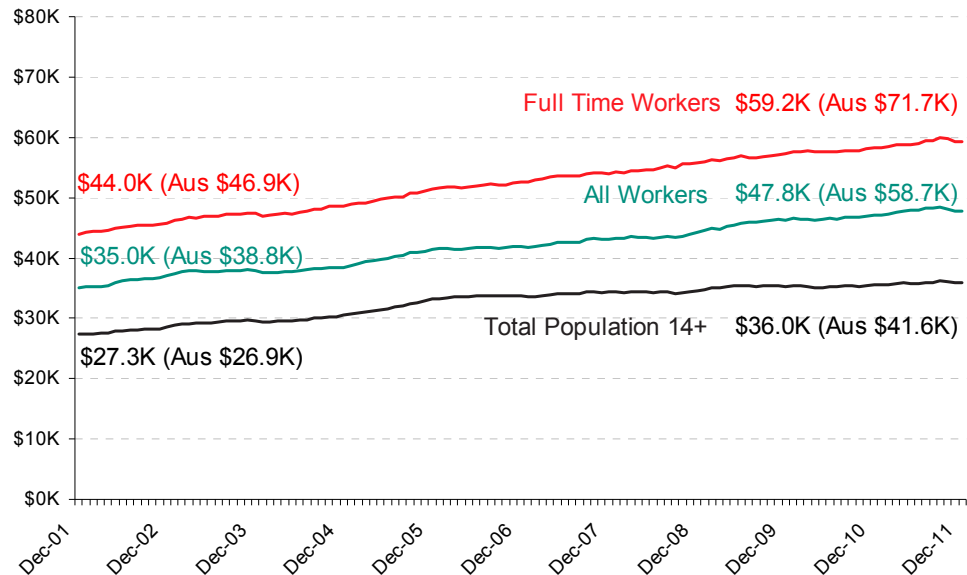
**Chart 48: Increasing % of Australians in Employment**



Base Australian Population 14+  
Source: Roy Morgan Research; 12 month moving average.

The average personal income of New Zealanders has risen steadily since 2001. The average income of all workers is now \$47,800 compared with \$35,000 in 2001 (an increase of 36.6%), and the average full time income is currently \$59,200 compared to \$44,000 in 2001 (up 34.5%).

**Chart 49: Average Personal Income**



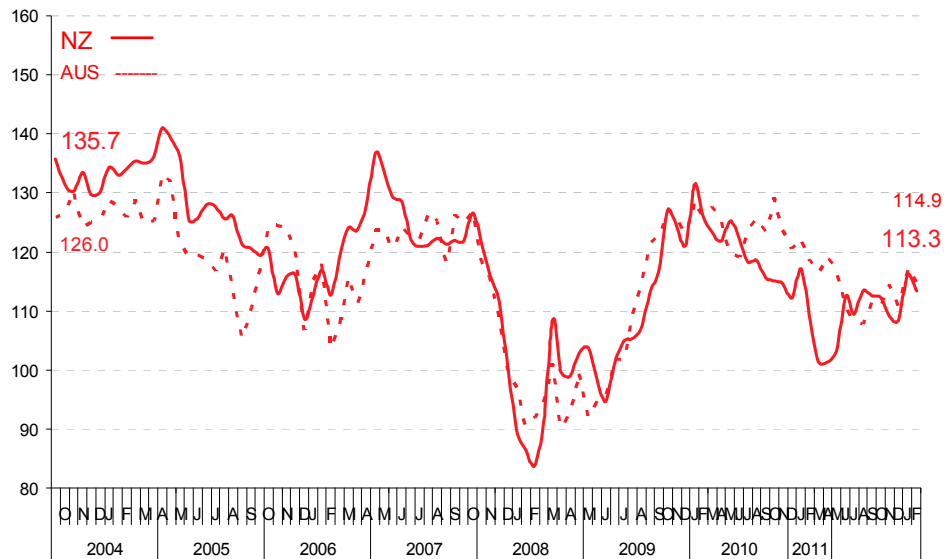
Base NZ Population 14+, Australian Population 14+  
Source: Roy Morgan Research; 12 month moving average

Although New Zealand and Australian workers shared similar incomes in 2001, the average personal income of Australian workers has since risen at a greater rate. The average income of Australian workers (\$58.7K) is up 52.3% from 2001, compared to an increase of 36.6% for New Zealand workers (\$47.8K). The average income of Australian full time workers (\$71.7K) is around \$12,500 more than that of New Zealand full time workers (\$59.2K).

### 4.3 Gradual Recovery in ANZ-Roy Morgan Consumer Confidence

Roy Morgan measures New Zealand Consumer Confidence on a monthly basis. It has long been recognised that Consumer Confidence, or how people respond to events such as share market crashes, petrol price increases, interest rate increases and other economic threats, is more important than the events themselves. It is a key indicator of how people are likely to react to events in terms of their expenditure and its role in generating economic activity. The February 2012 ANZ-Roy Morgan Consumer Confidence Rating was 113.3 points.

**Chart 50: ANZ-Roy Morgan Consumer Confidence – Long Term Trend**



Base NZ Population aged 14+  
Source: Roy Morgan Research

Between the last quarter of 2007 and the middle of 2008, the confidence of New Zealanders declined dramatically and reached a record low of 82 points in July 2008. However with the hope of recovery in the New Zealand economy, consumer confidence was restored rapidly during the first 10 months in 2009 and it reached a two year high of 131.4 points in January 2010. However, likely due to the Christchurch earthquake occurring in February 2011, confidence fell to 101.4 in April 2011. It has since regained positively and sits at 113.3 as of February 2012.

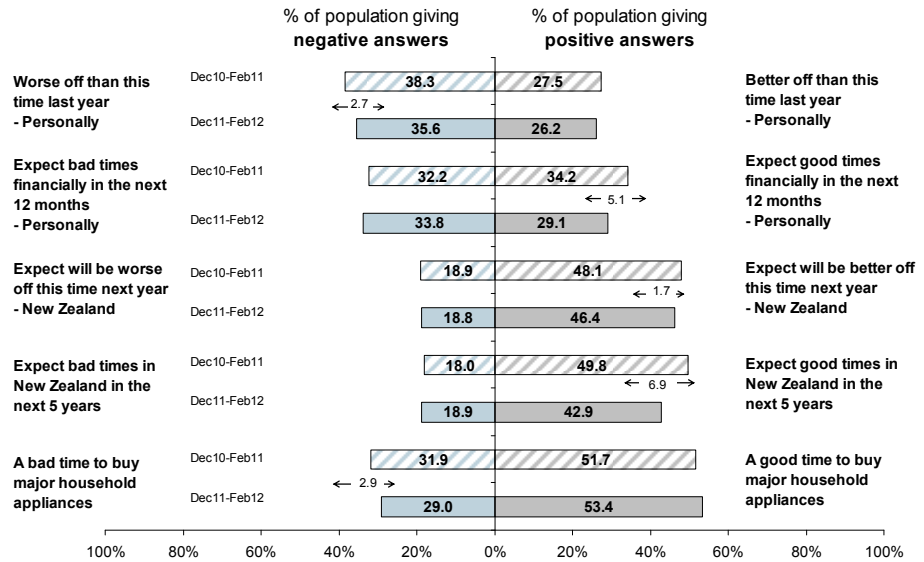
Consumer confidence in Australia followed a very similar pattern to New Zealand but in the last 12 months it has generally remained higher, although it is currently only a small amount above the New Zealand figure, sitting at 114.9 (February 2012).

### 4.4 Expecting Bad Times Financially Reduces Confidence

Consumer Confidence between the February quarter 2011 (Consumer Confidence 112.5) and February quarter 2012 (112.6) remained almost equal.

Looking ahead, the proportion of New Zealanders who now believe they will be worse off this time next year is 0.1% points lower than it was in February 2011.

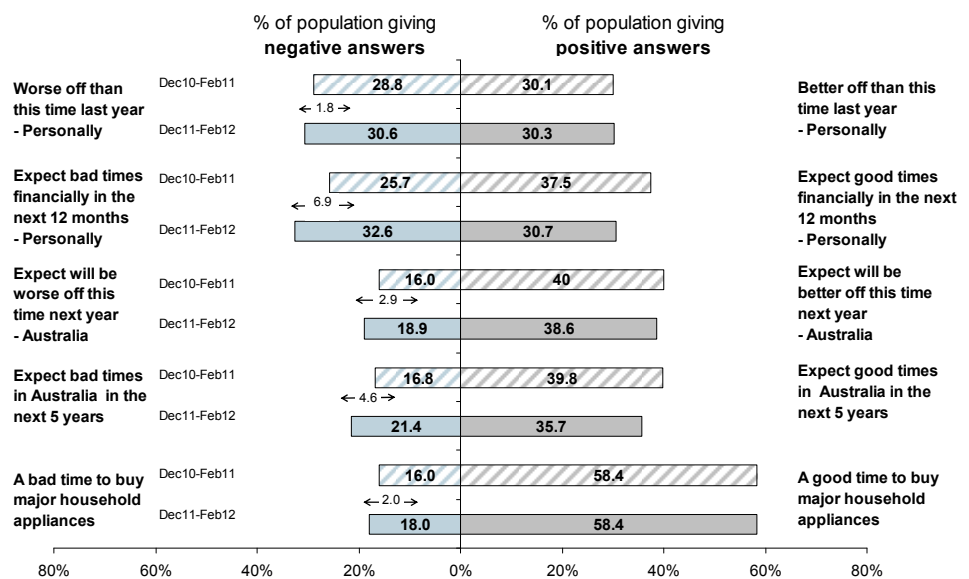
**Chart 51: New Zealand Consumer Confidence Question Responses**



Base NZ Population 14+  
Source: Roy Morgan Research; Dec10 – Feb11 & Dec11 – Feb12.

In Australia over the same period, consumer confidence declined more so than in New Zealand (from 120.5 in February quarter 2011, down to 114.5 in February quarter 2012). The reason that the decline in consumer confidence over the last year in Australia has been greater than New Zealand is due mainly to a large increase in the proportion of consumers expecting bad times financially in the next 12 months, which was up 6.9% points compared to only a 1.6% increase in New Zealand.

**Chart 52: Australia Consumer Confidence Question Responses**

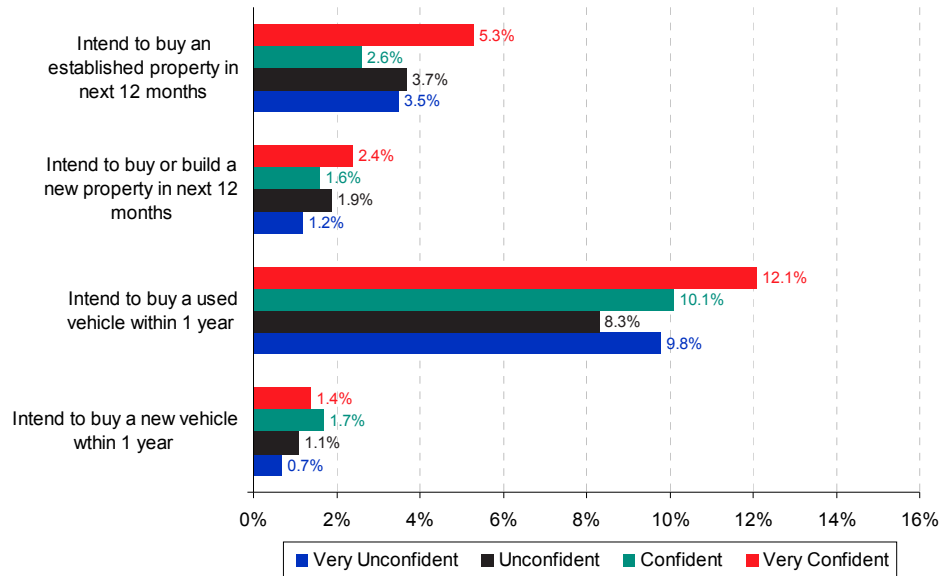


Base Aust Population 14+  
Source: Roy Morgan Research; Dec10 – Feb11 & Dec11 – Feb12.

## 4.5 Confidence Impacts on Economic Activities

Confident people are more likely to buy a whole range of things. When segmenting the population (14+) into 4 segments based on their confidence level, we see that people who are "Very Confident" (red) or "Confident" (green) are generally more likely to engage in various economic activities with higher purchasing intentions than their lesser confident counterparts.

**Chart 53: Impact of Consumer Confidence Level on Economy**

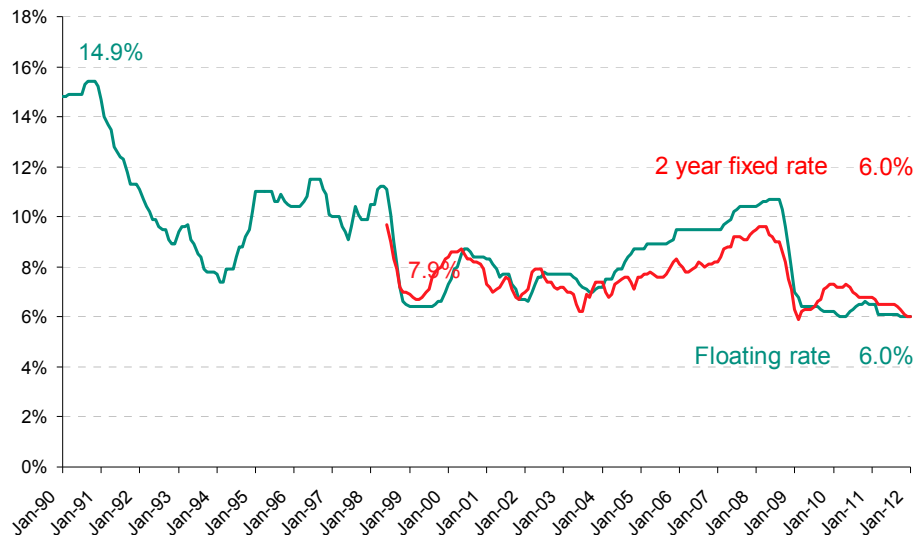


Base NZ Population 14+  
Source: Roy Morgan Research; July 2011 – December 2011

## 4.6 Housing Interest Rates

As the global financial crisis hit New Zealand, the RBNZ began actively reducing official interest rates in July 2008. As a result, the floating housing interest rate reached a twenty year low of 6.0% in March 2010, and the official cash rate reached a low of 2.5% in May 2009 and remained that way until June 2010. With signs of economic recovery, the RBNZ began increasing the official cash rate but this has since dropped, likely due to the Christchurch earthquake. The housing interest rate and bank deposit rate remain steady.

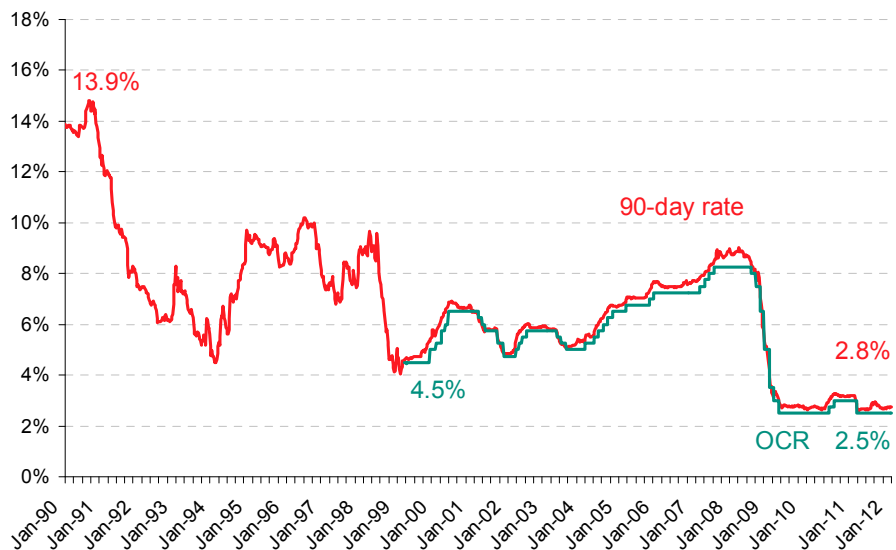
**Chart 54: Home Loan Interest Rate**



Source: RBNZ, January 2012

The current low housing interest rate has the potential to stimulate retail spending and home building, but has been partly countered by the drop in the interest paid on deposits.

**Chart 55: Official Cash Rate / 90 Day Rate**



Source: RBNZ, January 2012

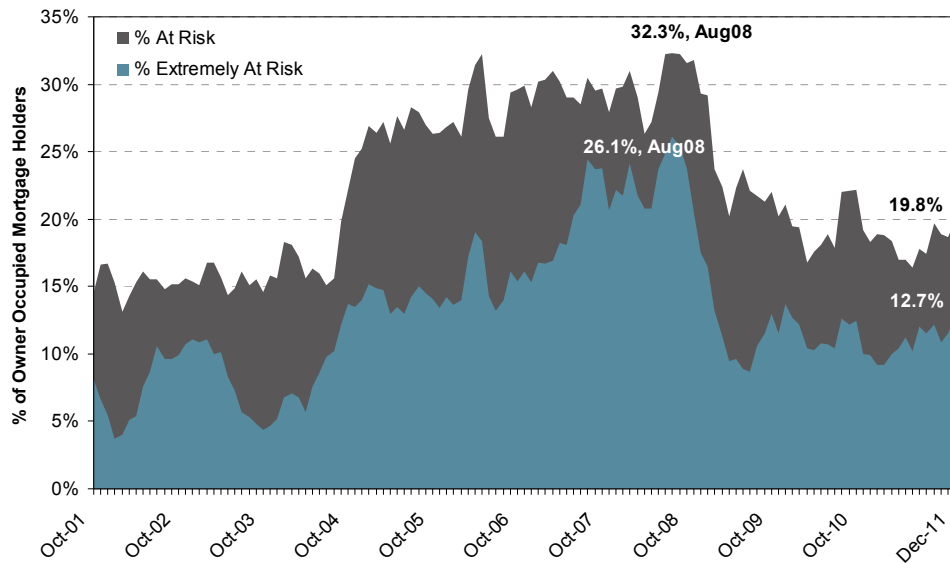
#### 4.7 Reduction in Mortgage Holders “At Risk”

A key Roy Morgan economic measure is ‘Mortgage Stress’.

The drop in the housing loan interest rate has caused a significant drop in the proportion of mortgage holders “at risk” from 32.3% at the peak in August 2008 down to 16.8% in March 2010. The proportion of people having difficulty just keeping up with the interest payment on their mortgage (i.e. “extremely at risk”) went from 26.1% in August 2008 down to 8.7% in July 2009.

As of December 2011, the proportion of the population “at risk” was 19.8%, and 12.7% were “extremely at risk”.

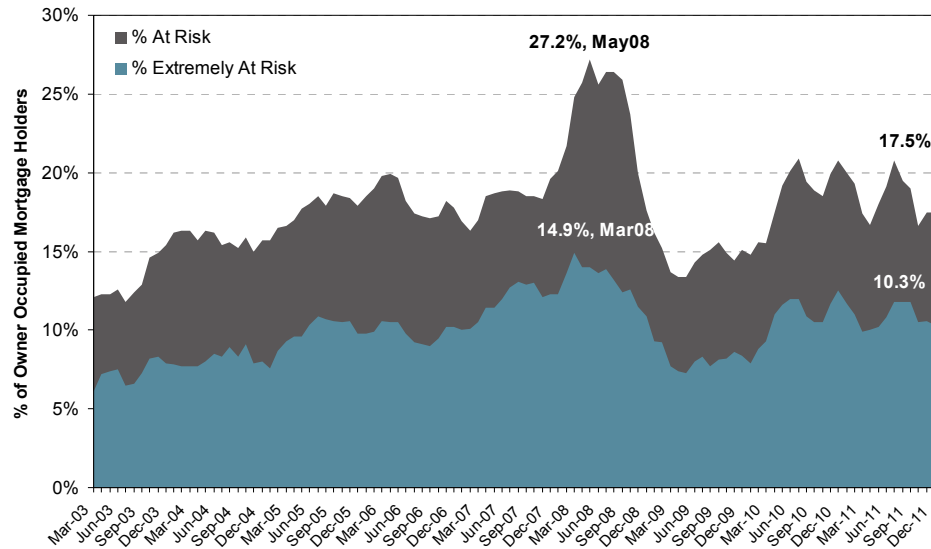
**Chart 56: Owner Occupied Mortgage Holders at Risk – New Zealand**



Source: Roy Morgan Research; 3 month moving average  
 Base: NZ Population 14+ who have mortgage on home living in.  
 \* "At Risk" is based on those paying more than a certain proportion of their household income (30% to 45% depending on income) into their loans based on the appropriate Standard Variable Rate reported by the RBA and the amount the respondent initially borrowed.  
 \*\* "Extremely at Risk" is based on those paying more than a certain proportion of their household income (30% to 45% depending on income) into their home loans based on the cash rate set by the RBA and the amount respondents currently owe on their home loan.

The trend in Australia is a little different currently due to the home loan interest increase in late 2009 and 2010, putting the variable rate up to 7.8% which was considerably higher than the New Zealand floating rate of 6.0%. Despite the higher rates, the proportion of mortgage holders "at risk" in Australia (17.5% in December 2011) is lower than in New Zealand (19.8% in December 2011), due mainly to higher incomes.

**Chart 57: Owner Occupied Mortgage Holders at Risk - Australia**



Source: Roy Morgan Research; 3 month moving average  
 Base: Aust. Population 14+ who have mortgage on home living in.  
 \* "At Risk" is based on those paying more than a certain proportion of their household income (30% to 45% depending on income) into their loans based on the appropriate Standard Variable Rate reported by the RBA and the amount the respondent initially borrowed.  
 \*\* "Extremely at Risk" is based on those paying more than a certain proportion of their household income (30% to 45% depending on income) into their home loans based on the cash rate set by the RBA and the amount respondents currently owe on their home loan.



## 4.8 Petrol Price

Petrol price reached a record high in July 2008 (217.8 c/ltr). It then dropped to 132 c/ltr in January 2009 and has since trended up and is 208.9 c/ltr in February 2012. The substantial drop in fuel price initially had the potential to stimulate other retail spending, increase consumer confidence and slow down the interest in hybrid cars, but recent increases pose a threat to these issues.

**Chart 58: Weekly Unleaded Petrol Price**

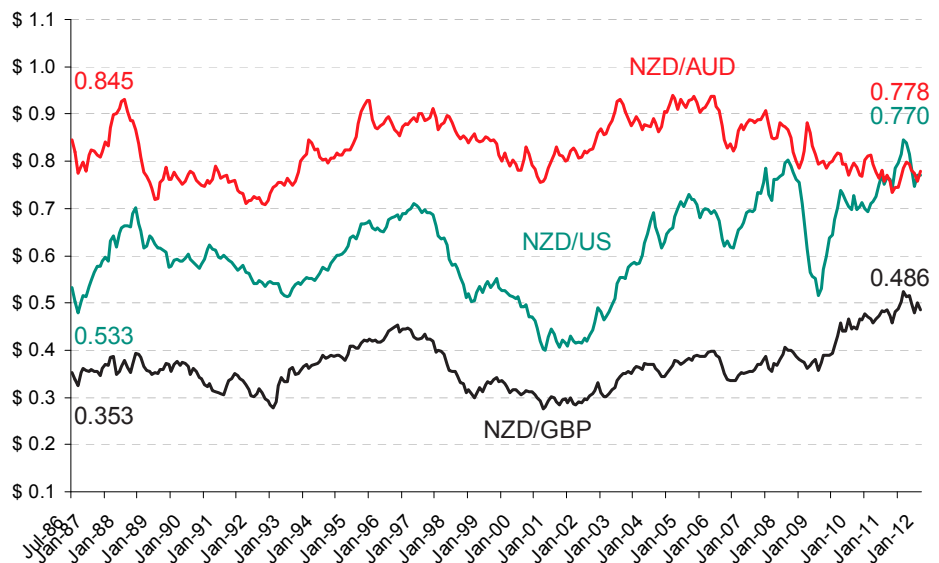


\*Based on limited monitoring of service station forecast prices by the MED  
Source: MED, February 2012

## 4.9 Exchange Rates

Since the high reached in mid 2008 against the US dollar, the New Zealand dollar fell dramatically but then bounced back. The New Zealand dollar continues to slip against a strengthening Australian dollar, but has improved against the pound.

**Chart 59: NZD v USD Exchange Rate**

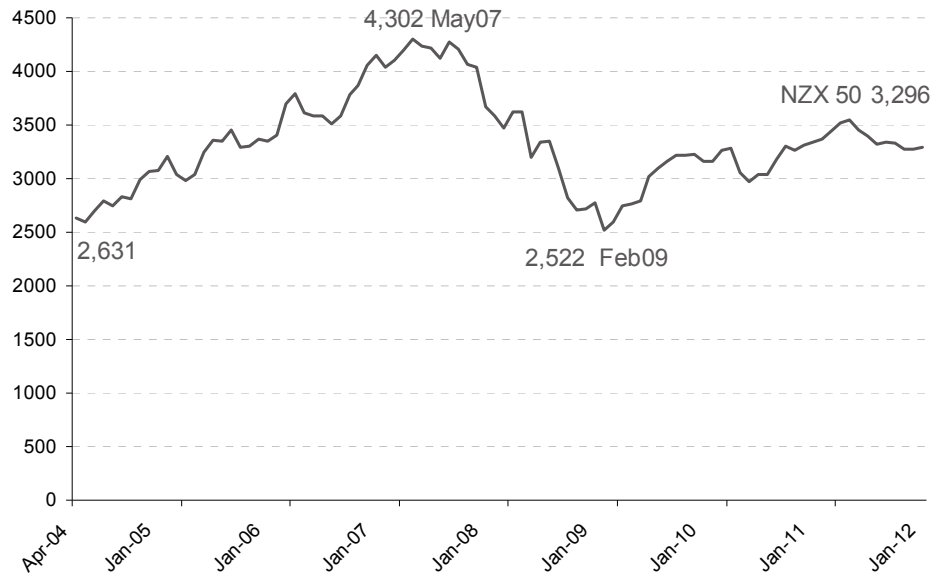


Source: RBNZ, January 2012

### 4.10 Share Market

The New Zealand share market reached its peak of 4302 in May 2007, but due to the GFC, declined steadily to a low in early 2009. Since then it has displayed a patchy recovery.

**Chart 60: NZX50**



Source: NZX, January 2012

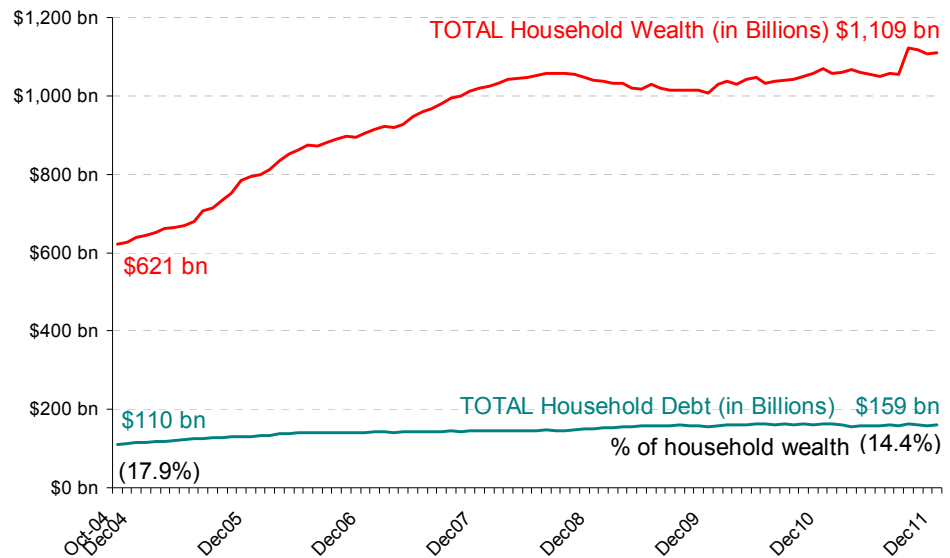
### 4.11 Household Wealth and Debt

Since 2002, Roy Morgan Research has monitored detailed financials of New Zealanders. The data shows total household wealth of New Zealanders as of December 2011 to be \$1,109 billion (up from \$621 billion in 2004); and total household debt is \$159 billion (up from \$110 billion in 2004).

New Zealand households in December 2011 have just recovered in terms of their wealth compared to where they were just over three years ago and over this period debt has increased by around 10%.

The net result of these movements has left New Zealand households overall with a debt to asset ratio of 14.3% compared to 18% seven years ago.

**Chart 61: Household Wealth and Debt**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

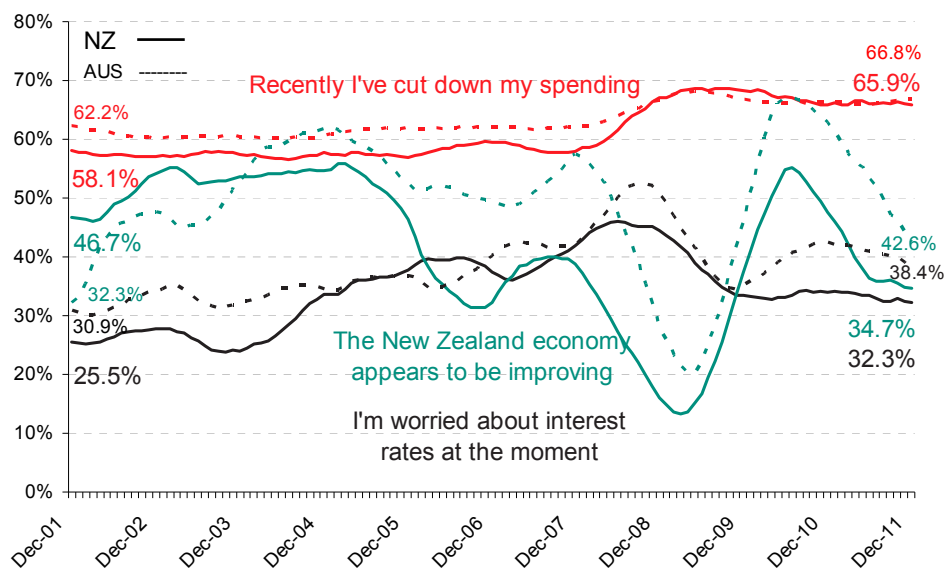
## 4.12 Attitudes towards Economy and Finance

Over the last decade the majority of New Zealanders have been of the view that they have cut down their spending, and this has increased over the last three years.

Concern over interest rates began to ease in the last quarter of 2008 as housing loan interest rates were cut. The current level of concern over rates (32.3%) appears however to have settled at a substantially higher level than it was 10 years ago (25.5%), indicating an increased level of anxiety over this issue.

From early 2009 there was a rapid increase in the confidence with the New Zealand economy, although this has dipped in recent months. However, as shown in Chart 50, Consumer Confidence is well below its level prior to the global financial crisis, and New Zealanders are still showing some caution in relation to their spending with 65.9% saying they have cut down their spending recently.

**Chart 62: Attitudes towards Economy, Spending and Interest Rate**



Base NZ Population 14+, Australian Population 14+  
Source: Roy Morgan Research; 3 month moving average.

The trend of Australian attitudes has generally mirrored those of New Zealanders, although a greater proportion of Australians believe their economy is improving compared to New Zealanders.

## 5 POLITICS

### 5.1 Recent History

New Zealand's political scene, which was dominated by the Labour Government led by former Prime Minister Helen Clark for much of the past decade, has shifted strongly towards the centre right over the last few years.

Clark was elected at the 1999 New Zealand Election as her Labour Party (38.7%) beat the governing National Party (30.5%) to become the largest party in Parliament.

Labour's support strengthened after the 1999 New Zealand Election and Clark was easily re-elected at the 2002 New Zealand Election: Labour (41.3%) cf. National (20.9%). This was the worst ever performance by the National Party at a New Zealand Election.

Since the low point of the 2002 New Zealand Election, National has continued to improve, but Clark was still able to hold onto power with a close victory at the 2005 New Zealand Election – Labour (41.1%) just ahead of National (39.1%).

The Roy Morgan New Zealand Primary Vote graph clearly shows that Labour and National were very close in late 2005 and throughout 2006, however, after current Prime Minister John Key was elected to lead the National Party in late 2006, there was an immediate spike in the National vote which was maintained over the next two years and led to a decisive victory for Key at the 2008 New Zealand Election – National (44.93%) cf. Labour (33.99%).

Key's victory in November 2008 ended nine years of rule by the Labour Party under Helen Clark, and since then National has strengthened its support in the electorate to hold a strong lead over the Labour Party led by Opposition Leader Phil Goff in the wake of Labour's defeat at the 2008 New Zealand Election.

Prime Minister John Key was easily re-elected at the recent 2011 New Zealand Election – stretching National's lead over Labour to a new record – National (47.31%) cf. Labour (27.48%). Although National increased their share of the vote, the strength of their Coalition was reduced after coalition partner ACT NZ saw its vote plunge to only 1.07% (down 2.58%) and winning only 1 seat (down 4 seats).

Despite the resounding nature of National's vote – its highest since securing 47.87% support in the 1990 Election, and Labour's woeful performance – its lowest share of the vote for over 80 years since 1928, National governs with a razor-thin majority of 61 seats in the 121 seat Parliament. National (59 seats), ACT NZ (1) and United Future (1). National also has support from the Maori Party (3) on supply and confidence, but is not in a formal coalition with Maori.

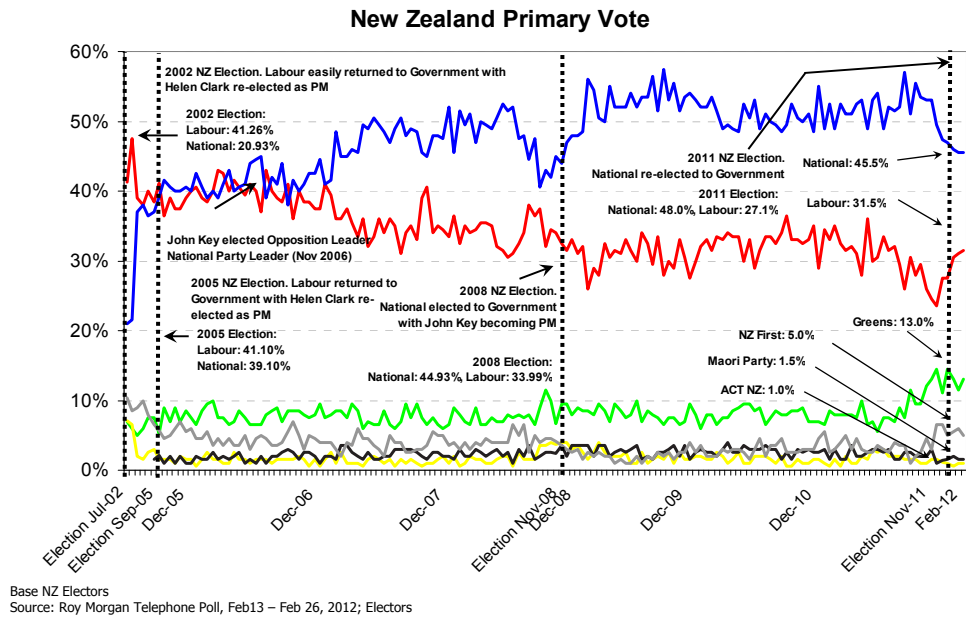
The 2011 New Zealand Election was also notable for the record high Greens vote (11.06%, up 4.34%) – 14 seats (up 5) and the return of New Zealand First to parliamentary representation (6.59%, up 2.52%) – 8 seats (up 8). The Labour Party clearly lost votes to both of these left-wing parties. After the election, Phil Goff stood down to be replaced by David Shearer, the new Labour Leader and Leader of the Opposition.

In the aftermath of the 2011 New Zealand Election Prime Minister John Key is clearly in the ascendancy, but the weakness of his coalition partners means it won't take a huge swing to the left for Key to be unseated by a coalition of left-leaning parties at the next New Zealand Election, due in 2014.

## Voting Intention

Current voting intentions are as follows: National 45.5%, Labour 31.5%, Greens 13%, NZ First 5%, Maori Party 1.5% and ACT NZ 0.5%.

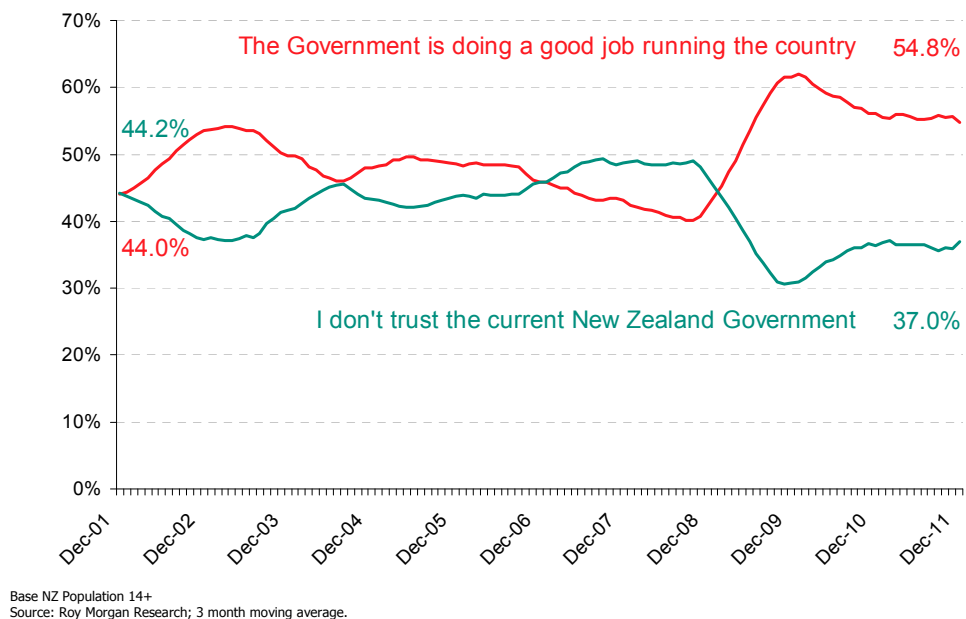
Chart 63: Voting Intention



## 5.2 Attitudes towards the Government

The Nationals initially appeared to have done a good job of restoring faith in the government. There was a rapid rise after the election in the level of agreement that the government is doing a good job of running the country, but this, as well as the level of trust in the government, consistently fell during 2010 while steadying in 2011.

Chart 64: Attitudes towards the Government

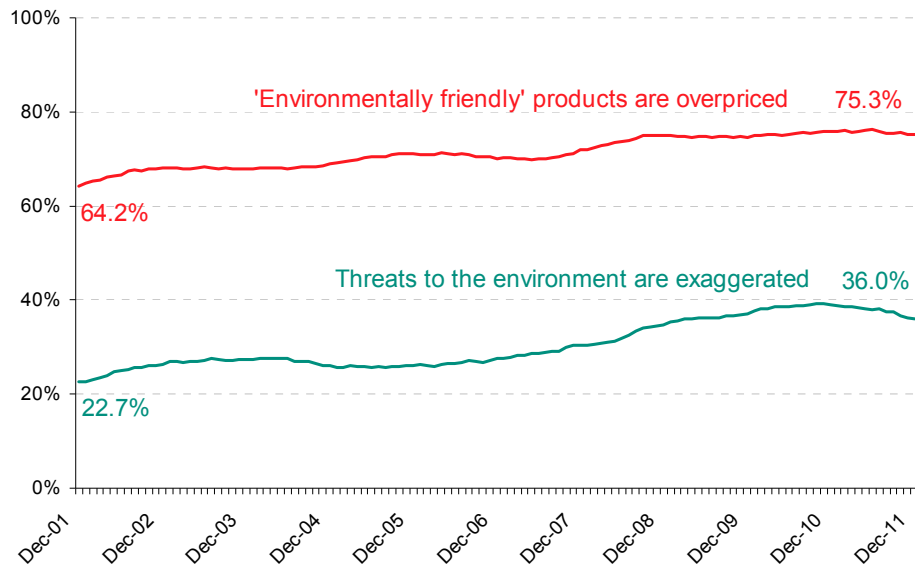


## 6 ENVIRONMENT

### 6.1 Environment as an Issue has come of age

The environment as an issue rates highly with New Zealanders with just under 80% indicating that they are concerned with the current problems in this area. However there are signs over the decade that these concerns are beginning to wane. There is also some scepticism regarding 'Environmentally Friendly' products with 75.3% indicating that they are overpriced and over one third thinking that threats to the environment are exaggerated.

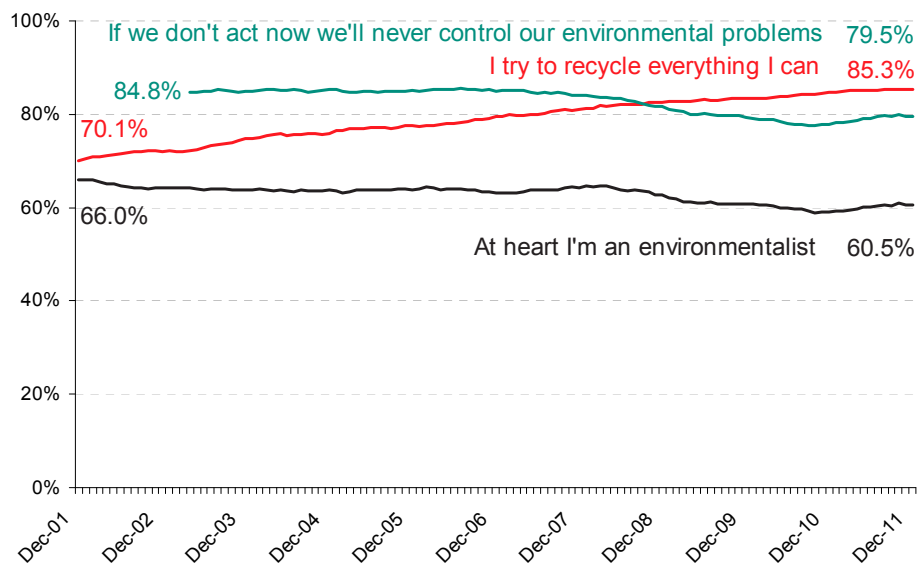
**Chart 65: Agreement with Negative Environmental Statements**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

In New Zealand the loss of impetus for most environmental issues has been slow and gradual. These trends also appear to be evident in Australia.

**Chart 66: Agreement with Positive Environmental Statements**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 6.2 Taking action is the next step...

There has been very little change over the last 10 years in how people consider the environment when booking a holiday destination.

**Chart 67: Agreement with Environmental Statements - Holidays**

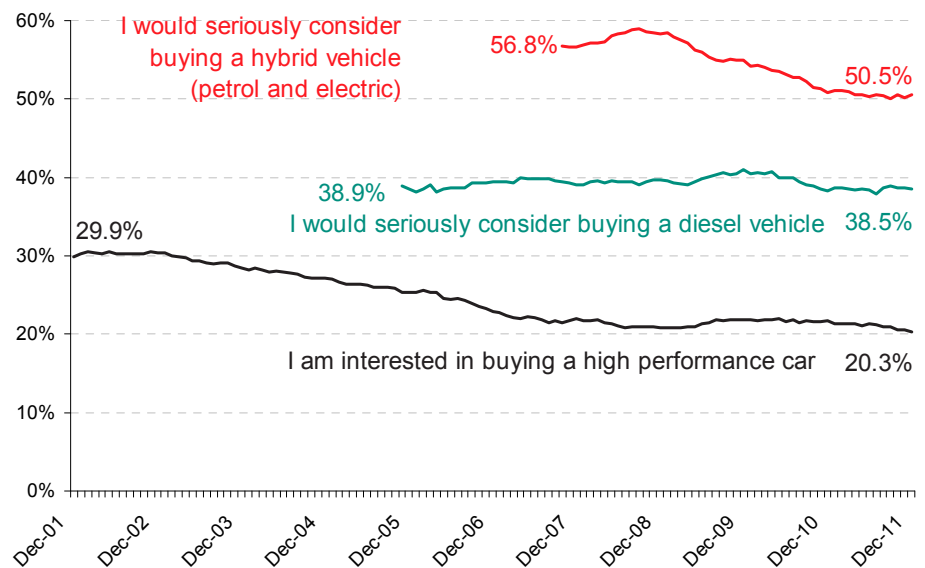


Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

An early example of people indicating that they were prepared to act on environmental issues was the consideration to purchase a hybrid vehicle. This currently stands at just over 50%, but is in steady decline.

There is another environmentally positive sign regarding the selection of car, in that less people are interested in buying a high performance car compared to 10 years ago.

**Chart 68: Agreement with Environmental Statements - Automotive**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

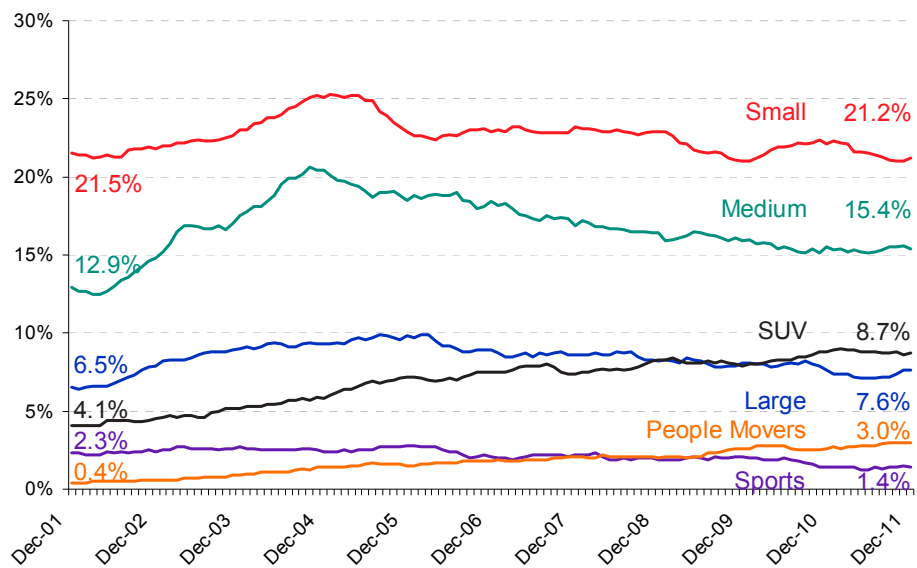


When it comes closer to the decision regarding the type of car people intend to purchase, only 0.1% intend to buy a hybrid (currently limited to Toyota Prius and Honda Civic Hybrid). The proportion driving hybrids is currently only 0.3%.

Small and medium cars have always been the most popular amongst New Zealand drivers, but over the past seven years they have experienced a slight decline, whilst a steady growth in the number of people driving SUVs can be seen over the past decade. Amongst SUV drivers, the growth has been in those who drive Compact and Medium SUVs as opposed to Large SUVs (chart 70).

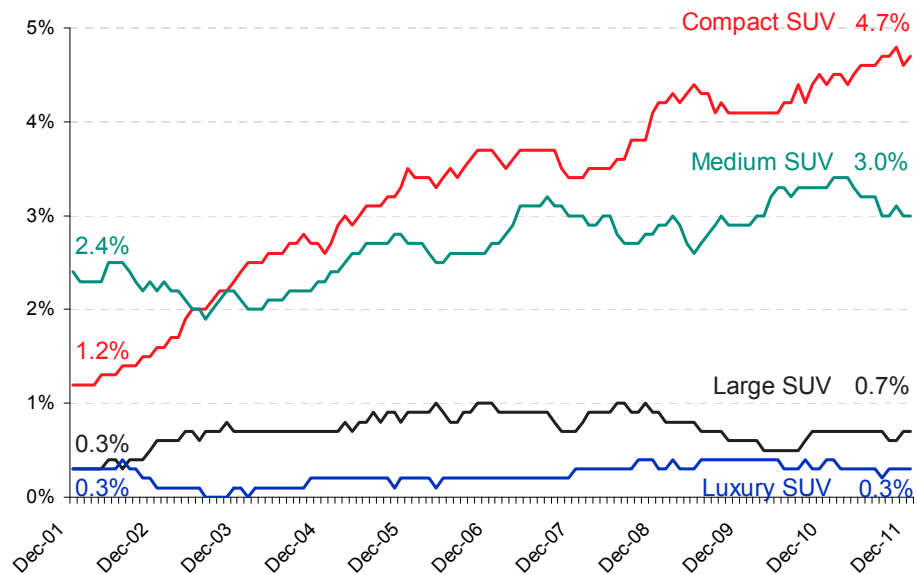
In New Zealand, the car price does not clearly reflect environmental concern as it does in Australia.

**Chart 69: Type of Vehicle Driven**



Base NZ Drivers 18+  
Source: Roy Morgan Research; 12 month moving average.

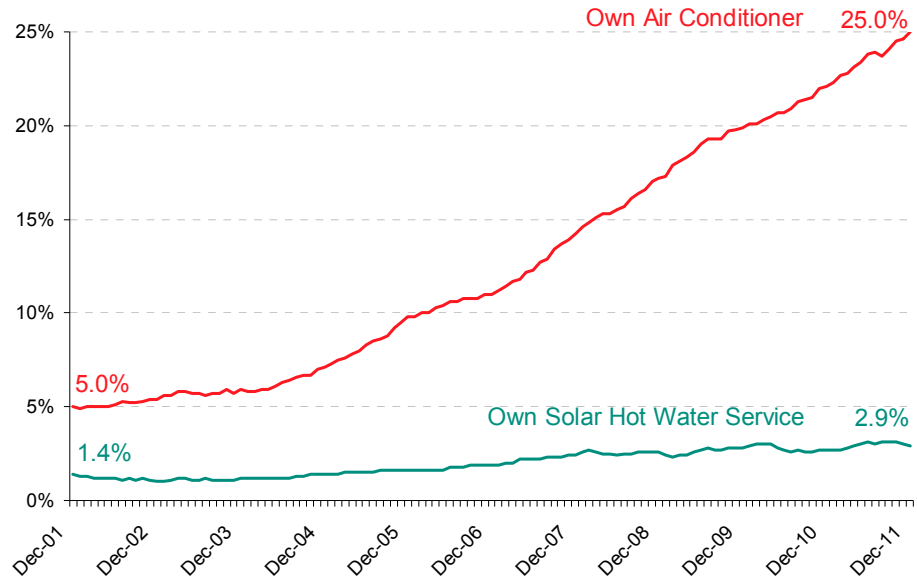
**Chart 70: Type of SUV Driven**



Base NZ Drivers 18+  
Source: Roy Morgan Research; 12 month moving average.

The interest and concern for the environment has not translated into action across all products, for example ownership of air conditioners has increased by around 400% since 2001 with 25% of the population 14+ owning an air conditioner<sup>5</sup>. The increasing ownership of solar hot water services has been steady and currently sits at 2.9% in December 2011.

**Chart 71: Own Air Conditioner and Solar Hot Water Service**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

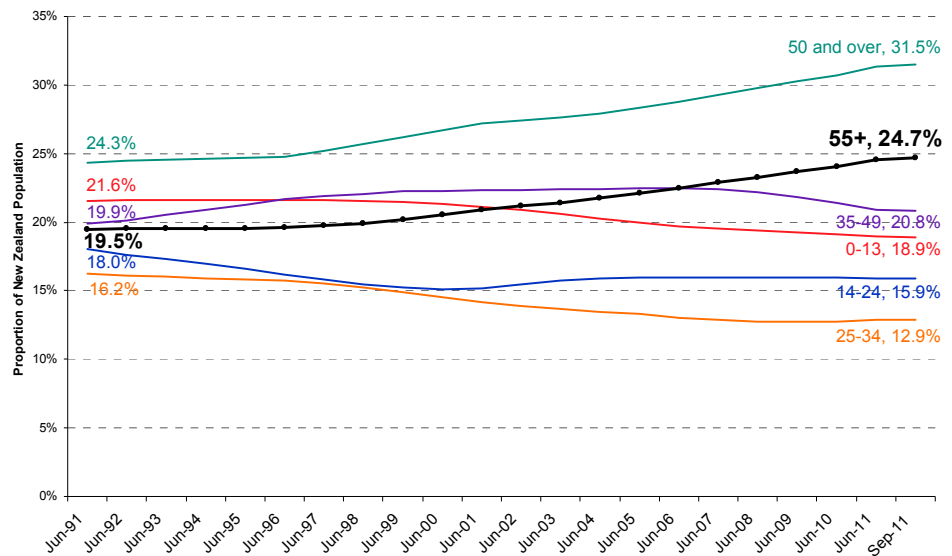
<sup>5</sup> Air conditioners include both ducted and non-ducted, reverse cycle and non-reverse cycle air conditioners.

## 7 SPOTLIGHT ON NEW ZEALANDERS 55+

### 7.1 The Ageing Issue

Since 1991 the proportion of the New Zealand population aged 55+ has increased from 19.5% to 24.7% and is forecast to continue to increase. This ageing of the population and the associated decrease in workforce participation has the potential to reduce economic growth as well as putting considerable pressure on government budgets through reduced taxes and higher welfare payments.

Chart 72: New Zealand's Ageing Population



Base: NZ Population 0+  
Source: Statistics NZ

Roy Morgan Research is in the unique position of being able to look at the many issues involved in the ageing of New Zealanders as it currently interviews around five thousand people per year over the age of 55 and has done so for 10 years. The interviews have covered all major industries with the particular focus here being on the financial well being, workforce participation and expenditure behaviour of this group.

These longer term trends enable a much better understanding of what is happening in New Zealand society compared to simple point in time surveys. Major demographic changes are relatively slow and must be observed over a longer period.

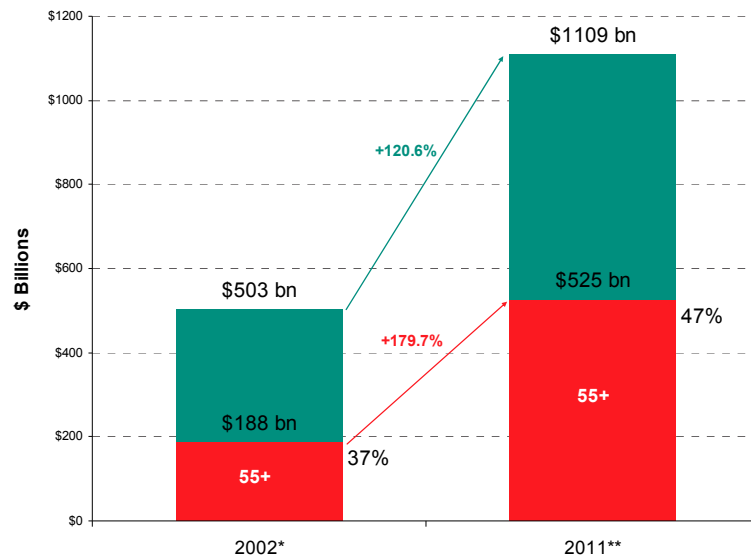
## 7.2 The Wealth of New Zealanders 55+

The consideration as to whether New Zealanders 55+ have saved enough for retirement is one of the major issues facing the New Zealand Government. It is not the intention here to do an actuarial study on this topic but rather to give a broad understanding of how this group has progressed in terms of growth in wealth over the last nine years

### 7.2.1 Gross Wealth

Chart 73 shows that in terms of gross wealth (i.e excluding debt), New Zealanders over 55 held 37% (\$188bn) of New Zealand households total wealth (\$503bn) and in 2011 this proportion has risen to 47% (\$525bn). This growth is only marginally a result of an increase in the proportion of the population in this age group as over this period the proportion 55+ has only risen from 19.5% to 24.7%.

**Chart 73: Gross Wealth**



\*2002 - 12 months to December 2002  
 \*\*2011 - 12 months to December 2011  
 Base: NZ Population 14+  
 Source: Roy Morgan Research

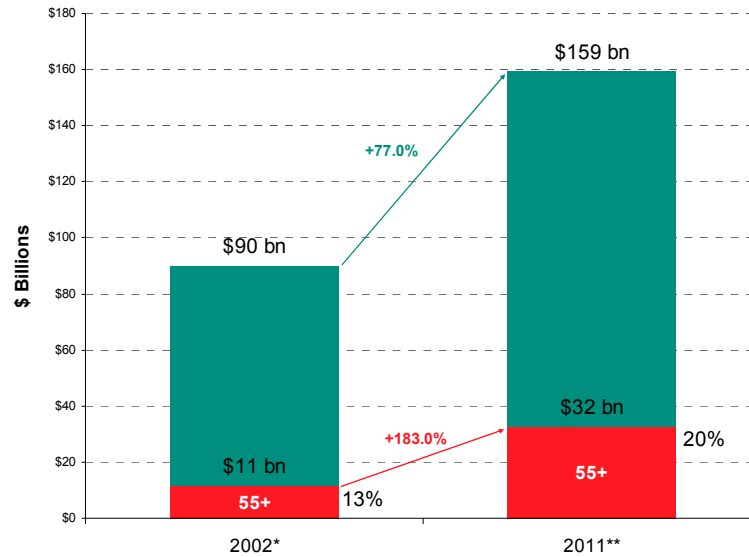
The overall growth in household wealth between 2002 and 2011 was 120.6% but the 55+ age group grew their wealth by 179.7% in the same period. The more rapid growth by this segment is clearly heading in the right direction to provide for retirement.

### 7.2.2 The Debt of New Zealanders 55+

With a great deal of attention being given in recent years to the issue of household debt, it is worth understanding how the 55+ age group has performed in this area.

Chart 74 shows that New Zealanders 55+ accounted for only 13% of household debt in 2002 (\$11bn) and this has risen to 20% (\$32bn) in 2011.

**Chart 74: Debt**



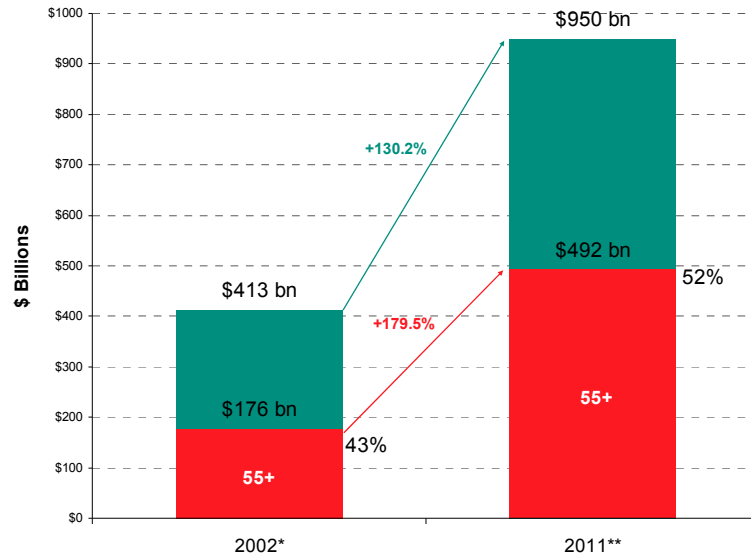
\*2002 - 12 months to December 2002  
 \*\*2011 - 12 months to December 2011  
 Base: NZ Population 14+  
 Source: Roy Morgan Research

The overall growth in debt for the 55+ group was 183% between 2002 and 2011 compared to 77% for the overall population over the same period. At 20% share of household debt compared to population proportion of 24.7% and high gross wealth, it doesn't appear that this group is heavily geared but it does show that they have a greater propensity to borrow compared to the past.

### 7.2.3 The Net Wealth of New Zealanders 55+

As a further guide to how the real or net wealth of the over 55 age group is performing, Chart 75 shows that this group now has 52% (\$492bn) of New Zealand households net wealth (i.e. gross wealth minus debt) which is up from 43% in 2002. This is an increase of 179.5% over the nine years compared to the overall New Zealand growth of 130.2%.

**Chart 75: Net Wealth**



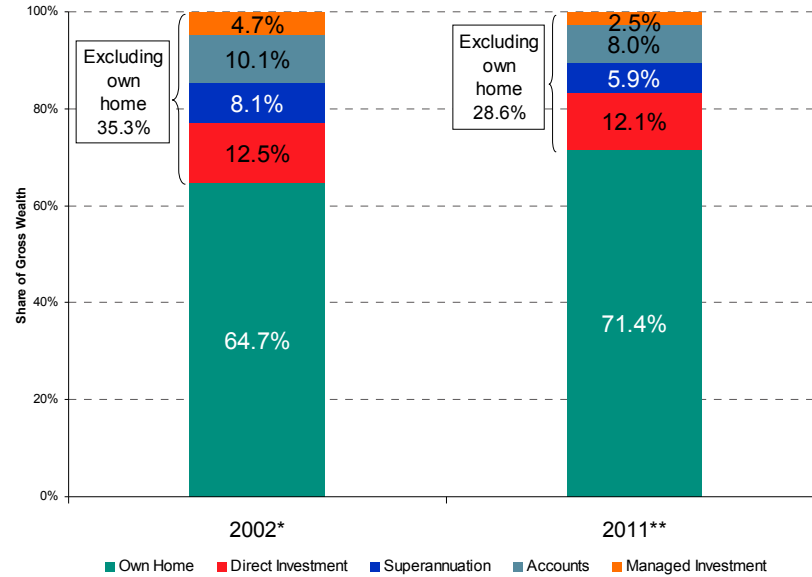
\*2002 - 12 months to December 2002  
 \*\*2011 - 12 months to December 2011  
 Base: NZ Population 14+  
 Source: Roy Morgan Research

With 52% of household net wealth held by only 24.7% of the population, this group appears to be performing relatively well and appears to be getting ever stronger. This is not just due to gains from asset and investment appreciation but as we will see later is it contributed to by increasing participation in the workforce. In other words they appear to now have increased income potential as well as asset growth.

### 7.2.4 Where are New Zealanders investing?

Household wealth in New Zealand has become increasingly focused on the home. In 2002 the home represented 64.7% of household wealth and in 2011 this has risen to 71.4%.

**Chart 76: Composition of Gross Wealth – New Zealanders**



\*2002 - 12 months to December 2002  
 \*\*2011 - 12 months to December 2011  
 Base: NZ Population 14+  
 Source: Roy Morgan Research

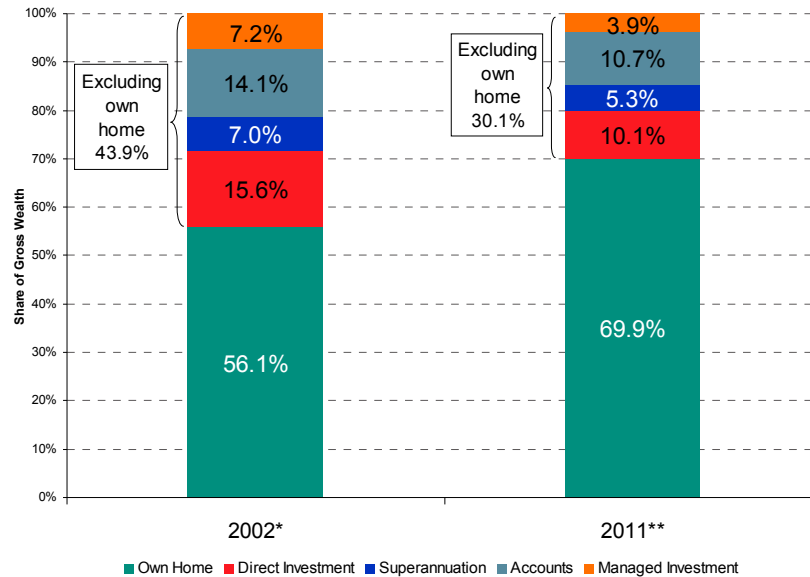
All investments other than the home such as accounts at banks, superannuation, direct investment and managed funds, currently make up a smaller proportion of household wealth than they did in 2002.

### 7.2.5 Where are New Zealanders 55+ investing?

Previous sections have show that the over 55 age group has been growing their wealth faster than the population but it is important to understand what form this wealth is taking and where the growth is coming from.

Chart 77 shows that this group currently has nearly 70% of their wealth in their own home and this has increased from 56.1% of gross wealth in 2002 to 69.9% in 2011.

**Chart 77: Composition of Gross Wealth – New Zealanders 55+**



\*2002 - 12 months to December 2002  
 \*\*2011 - 12 months to December 2011  
 Base: NZ Population 55+  
 Source: Roy Morgan Research

The biggest increase in gross wealth in the over 55's in the last nine years has been in their own home which has been at the expense of other investments which have declined from 43.9% down to 30.1%. While the top line results give the impression that the over 55's are developing considerable savings for their retirement, the composition of their wealth is skewed heavily towards their own home.

Too much reliance on the home as a source of wealth is not good for liquidity in retirement.



### 7.3 Major Characteristics of the Over 55's

The over 55's main difference to the total New Zealand population is that 63.1% currently own their home compared to only 31.4% for the total population. This obviously enhances their ability to save through not having house payments or rent.

**Table 5: Characteristics of Over 55's**

		55+	TOTAL
Population '000		1037	3517
<b>Home Ownership</b>	Own Home	63.1%	31.4%
	Paying Off	21.5%	35.5%
<b>Average \$'s per person</b>	Wealth (Including Home)	\$551K	\$335K
	Wealth (Excluding Home)	\$198K	\$110K
	Debt	\$52K	\$75K
<b>Marital Status</b>	Married	68.9%	51.7%
	Single	4.6%	24.7%
<b>Median Income (\$'000)</b>	Individual	\$26.3	\$28.5
	Household	\$53.6	\$69.7
<b>Education</b>	Have a Degree	17.3%	23.5%

12 months to December 2011  
Base: NZ Population 14+  
Source: Roy Morgan Research

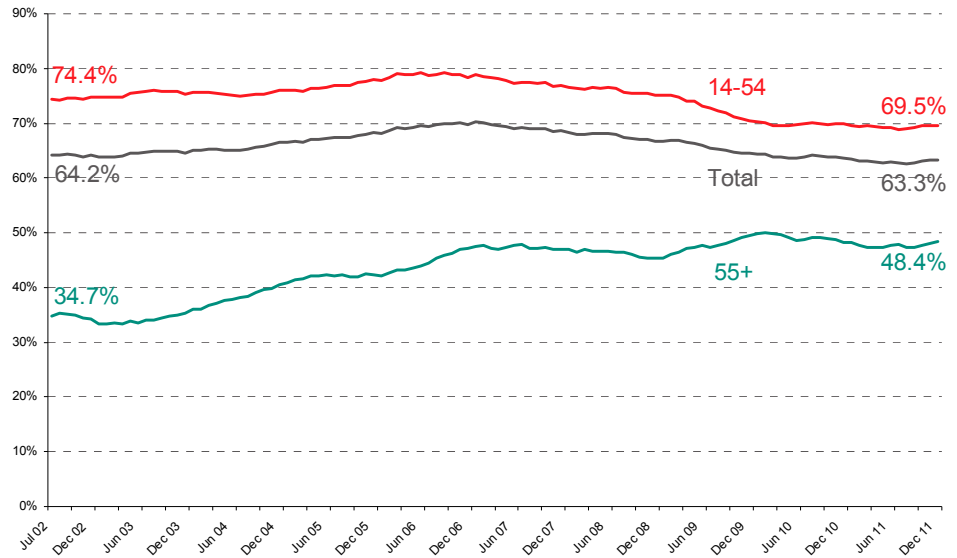
Table 5 shows that although the median personal income of the over 55's is lower than the New Zealand average (\$53.6K compared to \$69.7K), this group still has considerable purchasing power as even without including the family home, their average wealth per person is \$198K compared to \$110K for the total population.

Although education levels are a little lower than for all New Zealanders, in terms of having a degree they are not that far behind with 17.3% holding a degree compared to 23.5% for the New Zealand population.

## 7.4 Workforce participation Increased for the Over 55's

The over 55 group are making a major contribution to economic growth through increased participation in the workforce, Chart 78 shows that currently 48.4% of people over the age of 55 are now in the workforce, up from 34.7% in 2002.

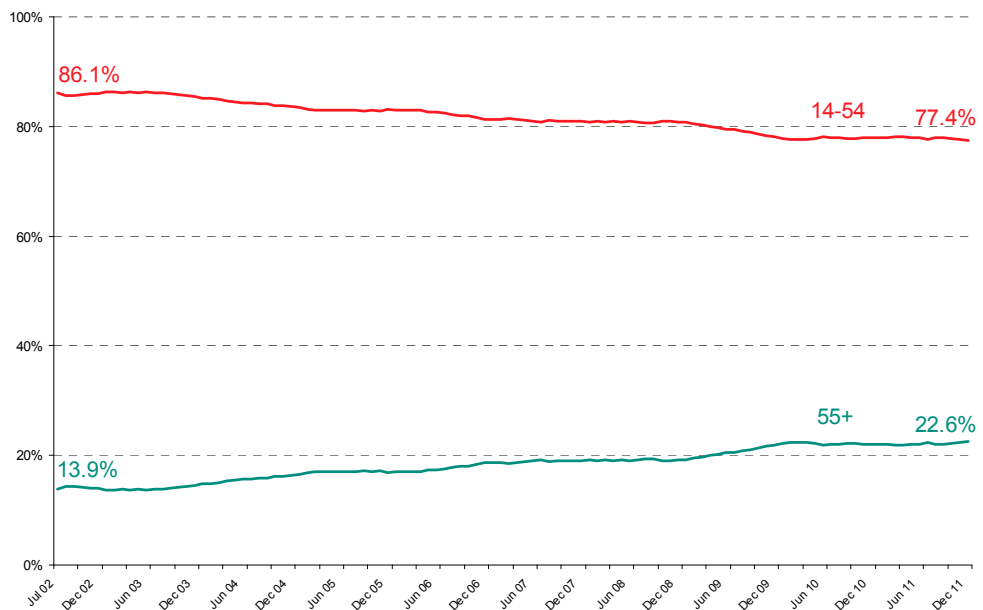
**Chart 78: Workforce Participation**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

This compares to a small decline in total workforce participation over the same period going from 64.2% to 63.3%. The result of the increased workforce participation by the over 55's between 2002 and 2011 has resulted in an increase in the proportion of the workforce now in this age group (22.6% compared to 13.9%)

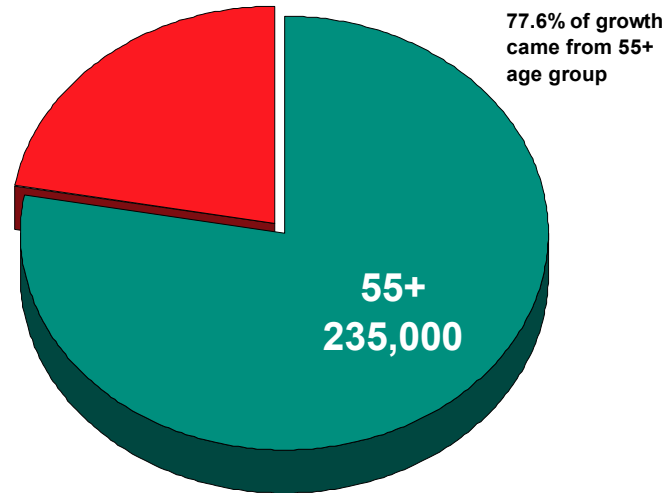
**Chart 79: Composition of Workforce**



Base NZ Population 14+ employed  
Source: Roy Morgan Research; 12 month moving average.

The New Zealand workforce has increased by 303,000 people since 2002 and 235,000 or 77.6% of this growth has come from the 55+ age group.

**Chart 80: Growth in Employment 2002-2011, contributed by 55+ Age group**



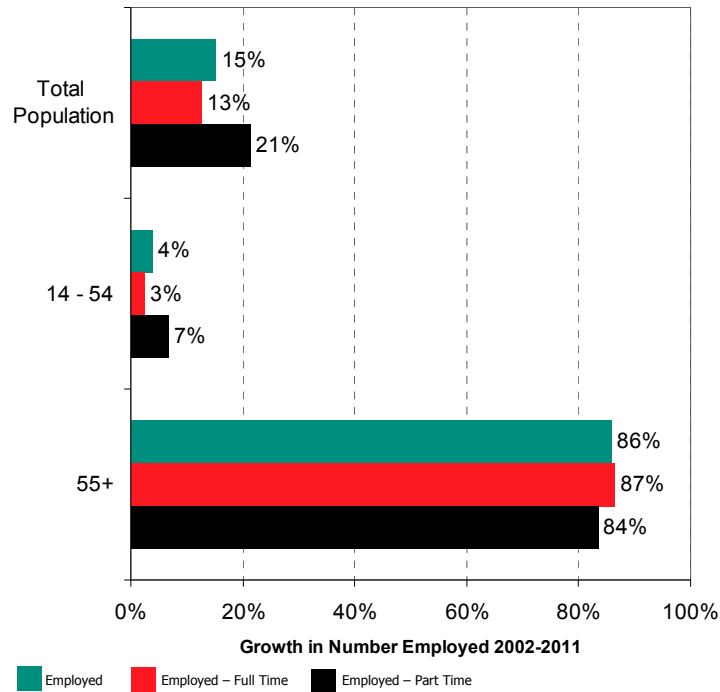
Base NZ Population 14+ in Workforce 2002 - 2011  
Source: Roy Morgan Research

This highlights the fact that without an increase in workforce participation seen from the over 55's the economic growth would have been much slower, there would have been a labour shortage and wage inflation would have increased.

## 7.5 Composition of Over 55 Workforce growth

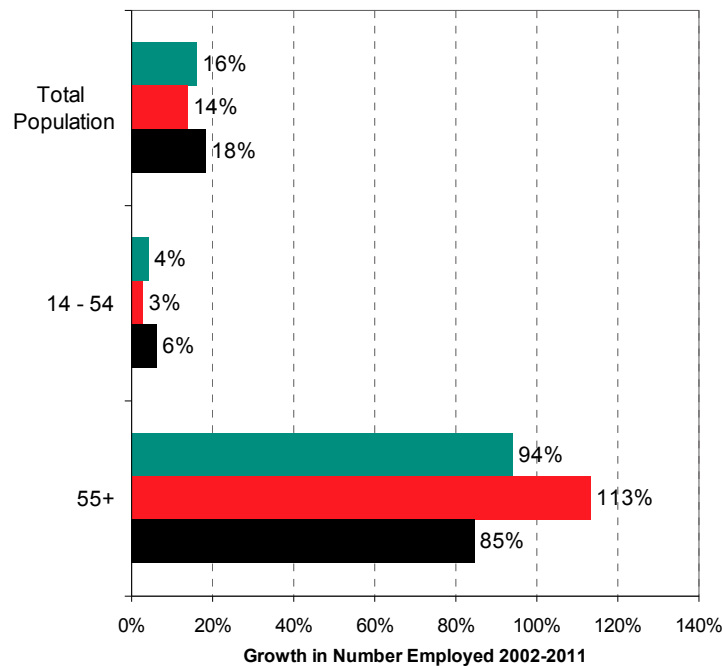
Chart 81 shows there was a 86% increase in the over 55 work force between 2002 and 2011 but the increase for females was 94% (Chart 82) compared to 78% for males (Chart 83).

**Chart 81: Increase in Number of People Employed 2002 – 2011**



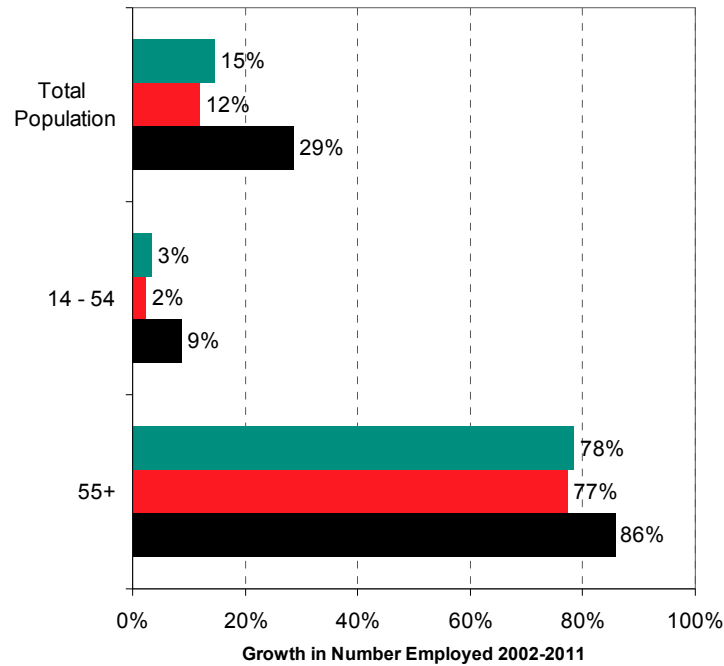
Base NZ Population 14+ In Workforce 2002 - 2011  
Source: Roy Morgan Research

**Chart 82: Increase in Number of People Employed 2002 – 2011 (Females)**



Base NZ Female Population 14+ In Workforce 2002 - 2011  
Source: Roy Morgan Research

**Chart 83: Increase in Number of People Employed 2002 – 2011 (Males)**



Base NZ Male Population 14+ In Workforce 2002 - 2011  
Source: Roy Morgan Research

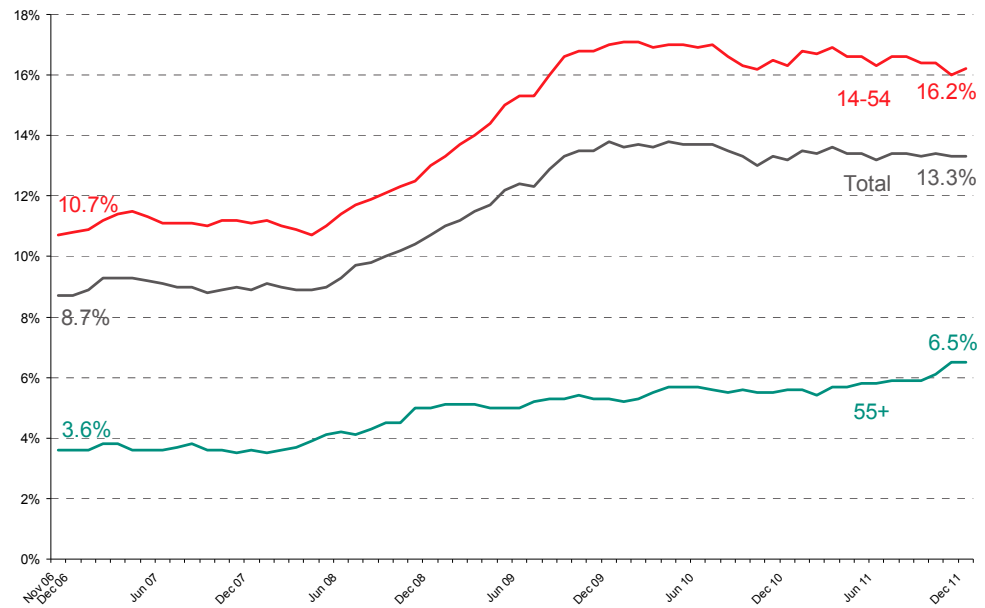
The growth rate in the workforce for the over 55's since 2002 was only a little higher for full time employment (+87%) compared to part time (+84%).

Females (55+) had a far higher increase in full time employment numbers than males (+113%, compared to +77%).

## 7.6 Level of Underemployment or Looking for Work among the Over 55's

The overall level of people 14+ regarded as underemployed or looking for work in December 2011 was 13.3%. For the 55+ group the figure is understandably much lower at 6.5% and has shown a gradual increase from 3.6% over the last five years. This is consistent with the much higher employment growth that we have seen earlier amongst this age group.

**Chart 84: Underemployed or Looking for Work**



Base NZ Population 14+  
Source: Roy Morgan Research; 12 month moving average.

## 7.7 Difference between Over 55's Employed and Underemployed / Looking for Work

It is important to understand whether those Over 55 who are looking for work have any major issues that prevent them or make it hard to get a job, i.e. are they disadvantaged in some way?

Table 6 shows that in terms of education, those Underemployed or Looking for Work, the proportion that has a degree is only down a little (19%) compared to those that are employed (22%), but this is still only around the population average of 23.5% so it doesn't appear to be a major issue.

**Table 6: Comparison of Employed and Underemployed or Looking For Work (55+)**

	55+ Employed	55+ Underemployed or Looking for Work	Difference
	%	%	%
<b>Education</b>			
Degree	22	19	-3
<b>Home Ownership</b>			
Own Home	55	47	-8
Paying Off	30	28	-2
Rent	9	21	+12
<b>Wealth</b>			
Average Wealth (excluding home)	\$211K	\$105K	-\$106K
Average Wealth (including home)	\$556K	\$434K	-\$122K
<b>Marital Status</b>			
Married	72	57	-15
Divorced	8	14	+6
DeFacto	7	8	+1
Single	5	10	+5
<b>Income (Median)</b>			
Individual	\$43K	\$24K	-\$19K
Household	\$73K	\$45K	-\$28K
<b>Location</b>			
Country Areas	52	47	-5
<b>Health Problems</b>			
Brain & Nervous System*	21	26	+5
Mental Health & Behaviour*	15	29	+14

NOTE: The time period for 'Health Problems' data is November 2008 – October 2011

Base NZ Population 55+  
Source: Roy Morgan Research

One area where those looking for work show a major difference compared to those 55+ that are employed is the proportion who are renting (21% compared to 9% for the employed group). There appears to be a motivation to find work that is linked to renting, divorce and much lower levels of wealth.

Most areas related to health issues are similar for both groups but those looking for work have a slightly higher level of 'brain and nervous system' and 'mental health and behavioural problems'.

The image that those living in country areas are severely disadvantaged doesn't appear to be the case with 47% of those looking for work aged 55+ living in the country compared to 52% of workers 55+.

## 7.8 What do the Over 55's spend on?

The over 55's have a relatively high level of expenditure compared to the New Zealand population on a number of specific product and service areas.

Table 7 shows that this age group spends more than average on services such as house cleaning, hairdressers, financial planning, as well as caravans, going to clubs and the live theatre, having a club membership, travel overseas and home renovations.

**Table 7: 55+ Age Group Expenditure Pattern Compared to the Total Population**

	Total Population	55+	55+ Employed	55+ Underemployed or Looking for Work	55+ Not Employed (e.g Retired)
	%	%	%	%	%
Travelled overseas*	26	30	35	24	25
Bought new vehicle*	3	3	4	2	3
Bought vehicle*	17	13	15	15	10
House renovations \$5,000+*	11	13	16	11	10
Visited Financial Planner*	14	16	17	15	15
Own or use a mobile phone	87	77	86	83	68
Currently paying for a Club Membership	16	24	23	19	25
House cleaning**	5	8	8	4	8
Hairdressing**	31	41	40	35	41
Personal grooming services (eg. manicure, facial, waxing)**	6	5	6	5	4
Blu-Ray Player	6	3	3	3	2
iPod	32	10	15	13	6
Digital Video Camera	22	12	14	14	10
Bicycle/Pushbike	41	25	32	26	18
Caravan or Campervan	5	7	7	7	7
Went to a licensed restaurant***	52	47	54	41	40
Went to an RSA, Cosmopolitan or other club***	15	23	22	22	25
Went to the cinema***	45	34	37	29	31
Went to the live theatre***	12	15	16	11	14

□ Over 55's higher than population    
 ■ Over 55's lower than population  
 \*Last 12 months \*\*Last 4 weeks \*\*\* Last 3 months  
 Base: NZ Population 14+  
 Source: Roy Morgan Research November 2008 – October 2011

The areas of below average expenditure for the over 55's are the new technologies (e.g. iPods, Blu-Ray Player, Digital Video Camera), bicycles, visiting licensed restaurants, going to the cinema, and owning/using a mobile phone.

Table 3 shows that this group can't be seen as one single segment but rather is made up of three distinct groups i.e. employed, underemployed or looking for work, and not employed.

As would be expected, the employed group are the biggest spenders of the segments and in fact in many product areas (Except for the new technology) they outperform the population average. They are strong in overseas travel, house renovations, visiting a financial planner, going to the live theatre and licensed restaurants.



## 7.9 When do the Over 55's intend to retire?

We have already seen that this age group has actually increased its participation in the workforce over the last nine years and so don't appear to show a strong disposition to retire early.

Table 8 shows that 11.6% of the over 55 age group intend to retire in the next 12 months which is down from 15.2% in 2002.

**Table 8: Intention to Retire in the next 12 months**

Workforce	2002	2011	Difference
	('000)	('000)	%
<b>Total Workforce</b>			
Employed	1,929	2,225	15%
Intention to retire	52	68	31%
Intention to retire (%)	(2.7%)	(3.1%)	(0.4%)
<b>55+</b>			
Employed	270	502	86%
Intention to retire	41	58	42%
Intention to retire (%)	(15.2%)	(11.6%)	-(3.6%)
<b>55-59</b>			
Employed	135	204	51%
Intention to retire	10	7	30%
Intention to retire (%)	(7.4%)	(3.4%)	-(4.0%)
<b>60-64</b>			
Employed	92	169	84%
Intention to retire	18	23	28%
Intention to retire (%)	(19.6%)	(13.6%)	-(6.0%)
<b>65+</b>			
Employed	44	130	196%
Intention to retire	13	28	115%
Intention to retire (%)	(29.5%)	(21.5%)	-(8.0%)

2002 - 12 months to December 2002  
2011 - 12 months to December 2011  
Base NZ Population 14+ In Workforce  
Source: Roy Morgan Research

All age groups within the over 55's have shown a decrease in their intention to retire since 2002. This higher intention to retire (21.5%) amongst the 65+ group has been more than countered by a 195% increase (86,000) in the number of them employed.

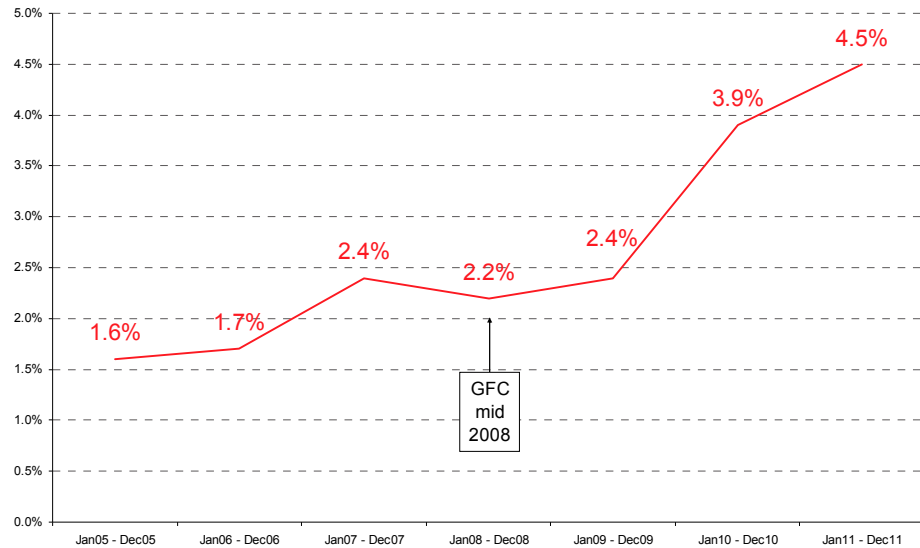
The lower levels of intention to retire amongst the 55-59 and 60-64 age groups is a strong indication that this group generally is planning to retire later than they were nine years ago and it is not until they reach 65 or older that they really plan to retire.

### 7.10 Baby Boomers Only Marginally Impacted by the GFC

The "Baby Boomer" generation born 1946 to 1960 (i.e. aged 51-65) are a frequently mentioned sub group of the ageing population, largely because of the perception that they have only really known good times.

Chart 85 shows that the GFC, contrary to popular belief, didn't really cause much of an interruption to retirement intentions amongst Baby Boomers, with retirement intentions only dropping from 2.4% pre GFC to 2.2% during the GFC, and then returning to 2.4% immediately after.

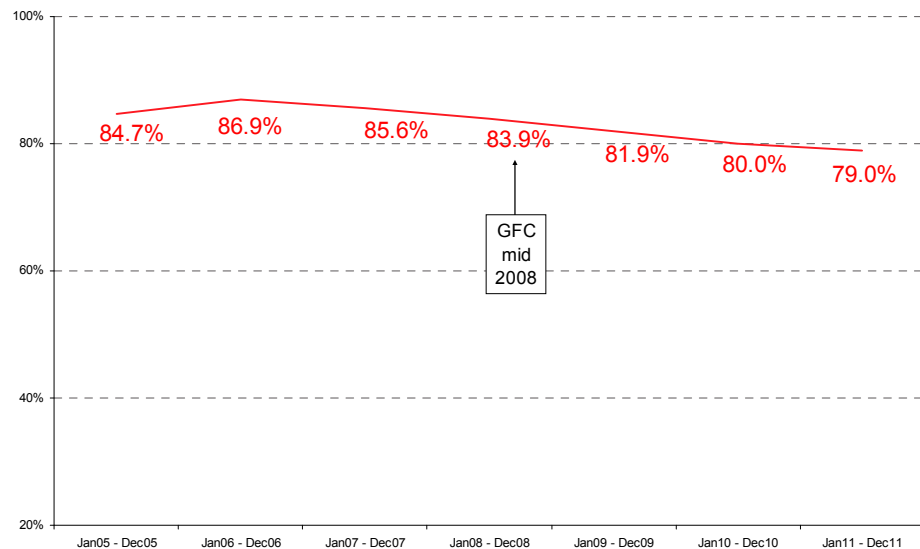
**Chart 85: Baby Boomers – Intention to Retire (next 12 months)**



Base: Baby Boomers  
Source: Roy Morgan Research

As the Baby Boomer generation ages it would be expected that a smaller proportion would remain in the workforce and this is the case (refer Chart 86). Currently 79% of Baby Boomers are still in the workforce down from 84.7% in 2002. Again it can be seen in the chart that the GFC had no significant impact on the workforce participation amongst this group.

**Chart 86: Baby Boomers – Employed**



Base: Baby Boomers  
Source: Roy Morgan Research

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