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HD Challenge and reward in growing ethnic mix

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Companies that take advantage of the rising diversity of New Zealand's population will prosper

The 2013 Census figures show that overseas-born New Zealand residents now represent 23.6 per cent of the country's total population, compared with 21.8 per cent in the 2006 Census and 18.7 per cent in the 2001 Census.

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These figures, which are extremely high by international standards, have important implications for retailers, the housing market and many domestic businesses.

The latest Census shows that New Zealand has 1,001,787 overseas born residents, an increase of 122,244 on the 2006 Census.

The 2013 foreign-born figure could be higher, because 259,437 individuals did not accurately describe their place of birth and Statistics NZ included them in the New Zealand-born category. If a quarter of these were born overseas then more than 25 per cent of our resident population was born offshore.

This is also remarkably high compared with historical figures. For example, only 14.4 per cent of New Zealand's population were foreign-born in the 1981 Census and 15.8 per cent in 1991.

The United States has only 12.9 per cent of its population born overseas and has never had more than 14.8 per cent since the country's 1850 Census.

The latest United Kingdom Census showed that 7.5 million individuals, or 13 per cent of the population, were born in other countries.

Australia, with 27 per cent of its resident population born offshore, is one of the few countries with a higher overseas-born to total population ratio than New Zealand.

Another important development is the changing mix of overseas-born New Zealand residents.

Individuals born in England, Scotland, Wales and Ireland now represent 26.5 per cent of the country's foreign-born population compared with 32.2 per cent 12 years ago, while Pacific peoples now account for 15.1 per cent compared with 16.9 per cent in 2001.

Meanwhile, **China**-born residents have risen from 5.6 per cent to 8.9 per cent of the foreign-born population, Indian-born from 3.0 per cent to 6.7 per cent, and Philippines-born from just 1.5 per cent to 3.7 per cent.

Some of the more traditional migrant resources - the Netherlands for New Zealand and Italy and Greece for Australia - are becoming less and less important.

The most important countries of birth for Australia's overseas-born residents are Britain, with 20.8 per cent; New Zealand with 9.1 per cent; **China** with 6 per cent; and India with 5.6 per cent.

The latest Census figures show that Auckland continues to be the fastest-growing area and now represents 33.4 per cent of the country's population, compared with 31 per cent in 2001.

Auckland also continues to attract a particularly high proportion of the new migrants with 517,182, or 51.6 per cent, of the overseas-born individuals now living in the Auckland region. This compares with 50.7 per cent in the 2001 Census.

Overseas-born individuals as a percentage of total population in the regions are as follows: Auckland 36.5 per cent, Waikato 16.8 per cent, Bay of Plenty 16 per cent, Hawkes Bay 13.7 per cent, Taranaki 12.1 per cent, Wellington 24 per cent, Canterbury 18.6 per cent, Otago 17.2 per cent and Southland just 9.7 per cent.

It is clear from these figures that the further south one goes, as far as both cities and the regions are concerned, the lower the percentage of overseas-born residents.

It is absolutely clear from the latest Census figures that New Zealand's population mix is undergoing a gradual but dramatic change as a substantial number of New Zealanders of European descent have moved to Australia, and New Zealand is attracting a large migration inflow, particularly from Asia.

As a result, the country's ethnic mix has changed between the 2001 and 2013 Census as follows:

Europeans have fallen from 76.8 per cent of the total population to 70 per cent.

Maori have remained steady at 14.1 per cent.

Asian peoples have increased from just 6.4 per cent in the 2001 Census to 11.1 per cent.

Pacific peoples have increased from 6.2 per cent to 7 per cent in the latest Census.

These figures add up to more than 100 per cent because when a person reported that they belonged to more than one ethnic **group** they were included in each ethnic **group**.

By contrast, Australia is less ethnically diversified as 92 per cent of the total population is European, 7 per cent Asian and 1 per cent Aboriginal and other.

Auckland is clearly the most diverse area in New Zealand with 55.8 per cent of its population classified as European, 21.7 per cent Asian, 13.8 per cent Pacific, and 10.1 per cent Maori.

Looking at it another way, Auckland represents 33.4 per cent of the country's total population yet 65.9 per cent of the country's Pacific peoples live in this area, as does 65.1 per cent of country's total Asian population, 26.6 per cent of the country's total European population and 23.9 per cent of Maori.

The 2013 Census contains a huge amount of fascinating information that highlights the difficulties facing businesses, particularly in the Auckland area.

How does an Auckland retailer satisfy a mix of potential customers which includes European New Zealanders, Asians, Pacific peoples, Maori and foreign tourists? The businesses that can meet the demands of these diverse groups will be the successful companies of the future.

There is also a large difference in the median age of the country's different ethnic groups, with Europeans having a median age of 40 years, Asians 30.6 years, Maori 23.9 years and Pacific peoples 22.1 years.

When we break down ethnic age groups into five-year periods, the largest European block is the 50-54 age **group**, the main Asian block is the 25-29 age **group**, while the four age groups of 19 years and under are the largest for Pacific peoples and Maori.

The older age of our European population means the country's ethnic mix will continue to change dramatically in the years ahead.

It's not too difficult visualising Auckland as a city with a huge number of retirement villages populated with ageing Europeans - who are looked after by migrant workers from, for example, the Philippines - while Queen St and High St are dominated by young Asians living in downtown apartments.

With this in mind, how many of the new migrants will want to **purchase** suburban homes on former golf courses in Manukau and Whangaparaoa and commute to the city for 90 minutes each day on our congested highways?

Shouldn't we be planning and building far more inner-city apartments for our new ethnic mix, particularly in Auckland?

We are clearly not building either enough **residential property**, or the right type of **property** mix, in the Auckland area to house the area's burgeoning population. Auckland **property** prices will continue to rise until we build more houses and apartments close to the city centre.

But we are becoming far more Asian-focused as far as business is concerned. Figures released by Statistics NZ this week showed total exports to **China** were \$3.5 billion for the first three months of 2014, representing 30.2 per cent of total exports, compared with 2007 figures of just \$0.5 billion of exports to **China**, or just 5.4 per cent of total exports.

New Zealand is becoming more and more diversified in terms of ethnicity and business - even more than our trans-tasman neighbours - and the companies that take advantage of this should prosper in the future.

Brian Gaynor is an executive director of Milford Asset Management.

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