



# Kea Inspire The Future of Cities

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WELLINGTON



# **FUELLING PROSPERITY**

We passionately believe that the flow-on effect from focusing on helping fuel the prosperity of our clients significantly contributes to ensuring that our communities, and ultimately our country and all New Zealanders, will enjoy a more prosperous future.

# KEA INSPIRE

## THE FUTURE OF CITIES

**How can New Zealand attract the world's best talent while also offering world-leading opportunities for Kiwis? How do we find our own unique magnetism for our largest hubs to attract these forward thinkers to fuel New Zealand's prosperity?**

Simon leads KPMG's Performance Consulting practice in Auckland and is engaged in their focus on fuelling NZ's shared prosperity and the need to regain our position as a competitive, high wealth country. He believes NZ is a fantastic place to build high performing private & public sector enterprises.



**Simon Hunter**  
**Partner for Prosperity**

Our speakers will discuss why we need to encourage innovators, creators and investors to live and work here, and how we need to develop the right infrastructure and build our communities to foster innovation and creativity.

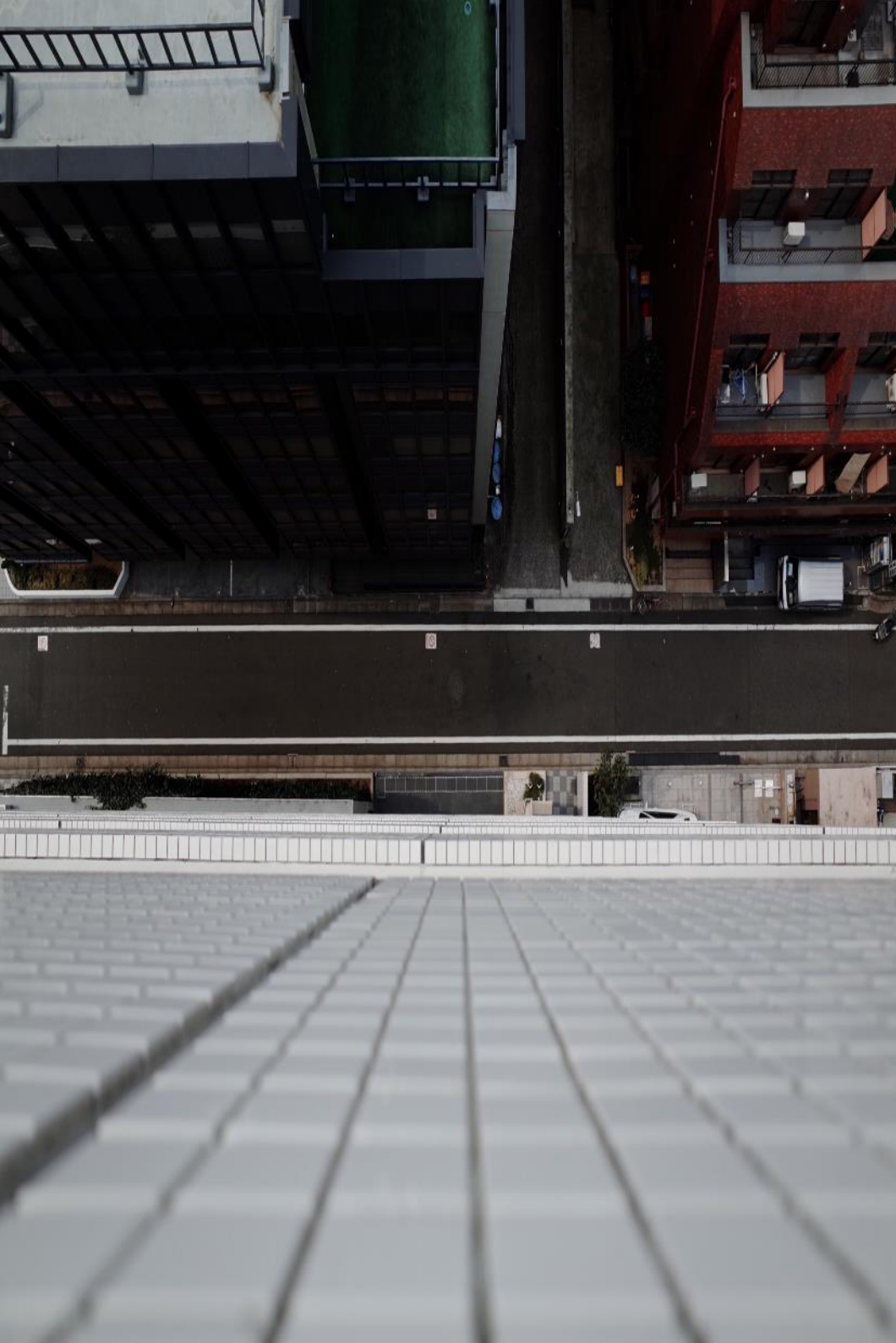
### **Speakers**

Melissa Clark-Reynolds is widely recognised as an inspirational role model, digital specialist & entrepreneur. She represented New Zealand at the APEC Forum on encouraging Women Entrepreneurs, featured in Her Business magazine's Hall of Fame and was named as one of the 150 most powerful women in NZ Business.

### **Peter Biggs**

Peter is Chief Executive of Assignment Group, strategic advisers for some of NZ's most successful companies. Peter is also the inaugural Chair of WREDA and Kea World Class New Zealander. Biggsy is an advocate for creativity, the arts & NZ on a global scale and a connector & mentor for NZ business.





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# WHY CITIES

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- » We live in urban environments – Today 55% of the worlds population lives in urban environment – This is expected to increase to 70% in 2050.
- » Cities drive economies – Cities account for 80% of the worlds GDO (the top 600 account for 60%) and most of the economic worlds growth.
- » Cities change resource use – Cities consume two thirds of the worlds energy and account for 70% of green house gas emissions.
- » Cities can change inequality – Cities shape the living environment and economic prosperity of the people and have a real impact on the inclusiveness of social outcomes.
- » Cites are changing rapidly but unequally – Cities are dynamic, adapting to growth and new technologies but the ability of cities to respond varies.

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## WHY

Cities are evolving at different paces –  
its takes something special to lead an upcycle

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# UPCYCLE CITIES

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## **The upcycle for cities varies**

## **The challenge is to learn from the upcycle cities – not to replicate these cities**

## **Most upcycle cities combine multiple features**

- » Global “Power Cities”  
London, New York, Tokyo
- » “All Rounder's”  
Toronto, Stockholm, Melbourne
- » “Quality of Life Cities”  
Vienna, Zurich, Auckland, Wellington (14)
- » “Momentum Cities”  
(Population and Capital)  
Bangalore, Ho Chi Minh, Silicon Valley
- » “Tech Leaders”  
Austin, Silicon Valley, New York
- » “New Smart City”  
Dubai, Austin, Mumbai
- » “Recovery City”  
Changwon, Pittsburgh, Malmo, Balboa



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# HOW DO CURRENT CITIES COMPARE AND COMPETE?

Top 50 cities across 4 ranking systems



# CASE STUDIES

**Magnet City case studies provide us with insight into how these cities have changed their magnetic pull to become thriving and vibrant.**

We have looked at four of the case studies of cities who were all in decline, but through a combination of forming a strong identity, infrastructure improvements and innovative ideas they now contribute significantly more to GDP and are known for the Young Wealth Creators they attract.





# MALMO, SWEDEN

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POPULATION: **656,000**

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## **City Identity**

Resident consultation to realise their new identity - 'urban sustainable laboratory'.

## **Physical Renewal**

New urban district powered entirely by renewable energy that is architecturally, environmentally and socially progressive.

## **Connected**

Built Øresund Bridge connecting the city to Copenhagen and the airport – quick and easy flow in and out of Malmö.

## **Outcome**

Increase in GMP of 8.94 percent from 2005 to 2010. City is a magnet for science and technology orientated entrepreneurs.

## **Funding**

Borrowed to fund initial city beautification to generate impetus. Leveraged city owned land to attract government investment in a University. Leveraged a European Housing Expo for developers to invest in the city and build visionary examples of sustainable living.





# PITTSBURGH, USA

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POPULATION: **1,200,000**

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## **Attract young wealth creators**

The Universities played a key role; they specialised faculties, brought in world leaders in science, technology and health and established institutes that drew researchers and developers to the city.

## **Physical Renewal**

Addressed quality of life projects making the city walkable, utilising river walkways and cycle lanes and built stadiums.

## **Cultivate new ideas**

Institutes developing leading-edge technology and undertaking ground-breaking surgeries that receive global recognition.

## **Outcome**

The economy is growing at a rate of 4.6 percent against national average of 2.5 percent for US metropolitan economies. Magnet for researchers and developers.

## **Funding**

Funds from faculty closures used to bring in world leading scientists. Imposed a \$52 per person per year tax on anyone working in downtown to cover the costs of emergency and core municipal services. Funded stadiums through one percent sales tax.



# BILBAO, SPAIN

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POPULATION: 979,000

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## Physical Renewal

Changed the function of the urban core, from an industrial focus to tourism, residential and commercial. Cleaned up the river to be a usable part of the city, pedestrianized large boulevards and doubled pavement widths for walkability. Limited inner city parking and built car parks on the outskirts encouraging people to come in sustainably. Built new airport, award winning metro system and innovative architecturally significant buildings to support identity of culture and creativity.

## City Identity

From a derogatory nickname to international recognition for culture and creativity. Secured the Guggenheim Museum through significant investment – put Bilbao on the world stage. Persuaded educational institutions to establish themselves and promote technology and start-ups.

## Fundraisers

Future tax receipts as collateral against debt plus private investment. Encouraged educational institutions and research institutes to locate to the city without financial support. Funded not-for-profits to encourage creative residents to stay.

## Outcome

Basque Country contributed 6.3 percent to national GDP, significantly more than other cities. Magnet for a technology and a start-up focussed economy.

## Funding

Loans were secured against an increase in the water rates paid by residents and businesses. Port relocated using debt raised against future income. Wiped unpaid taxes for the private riverfront companies in return for their relocation. Used this large land holding to secure credit line and sell sections to developers under the master plan design. Architectural buildings financed through long term debt.



# CHANGWON, SOUTH KOREA

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POPULATION: 752,000

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## City Identity

Environmental Capital of Korea. An ambitious task with their high pollutant levels. All projects were geared towards this goal but maintained a link with their industrial heritage. Visual campaigns about projects underway in the city.

## Physical Renewal

Combined three cities together under one Mayor, each with their own focus; cultural, recreational and research and development. Leveraged the climate and beaches and built a Mediterranean style mega-resort. Refurbished unused downtown into artist quarter.

## Cultivate new ideas

Real-time bus information system with LED time boards, banned car use for all civic staff and launched a cycling scheme. Reorganised government systems to a pro-business process.

## Outcome

Between 2010 and 2013 GDP increased by \$7.9 billion. Magnet for artists, researchers and developers.

## Funding

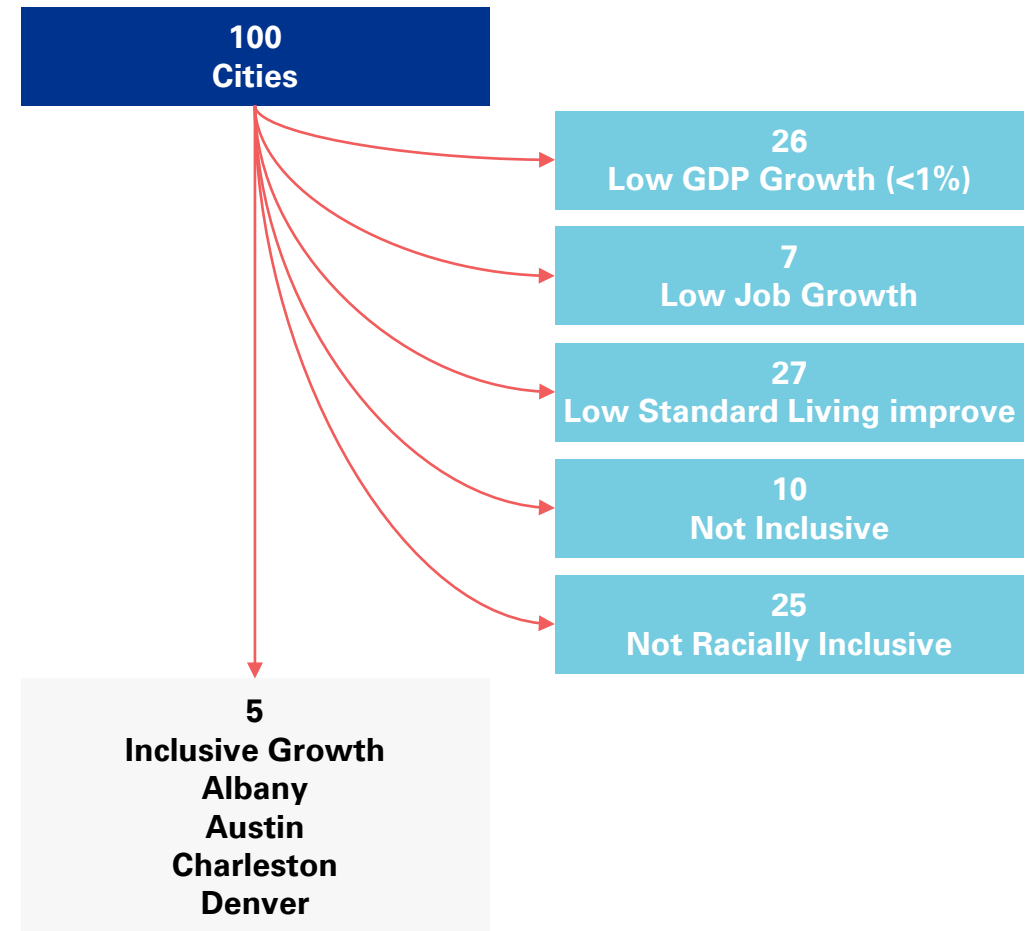
Negotiated with vacant building owners 60 percent market rent for two years – artists rent free. Continued with discounted rent for artists. Artist centre attracted interest of global art dealers who stayed. Central government funding for 'smart buildings'.





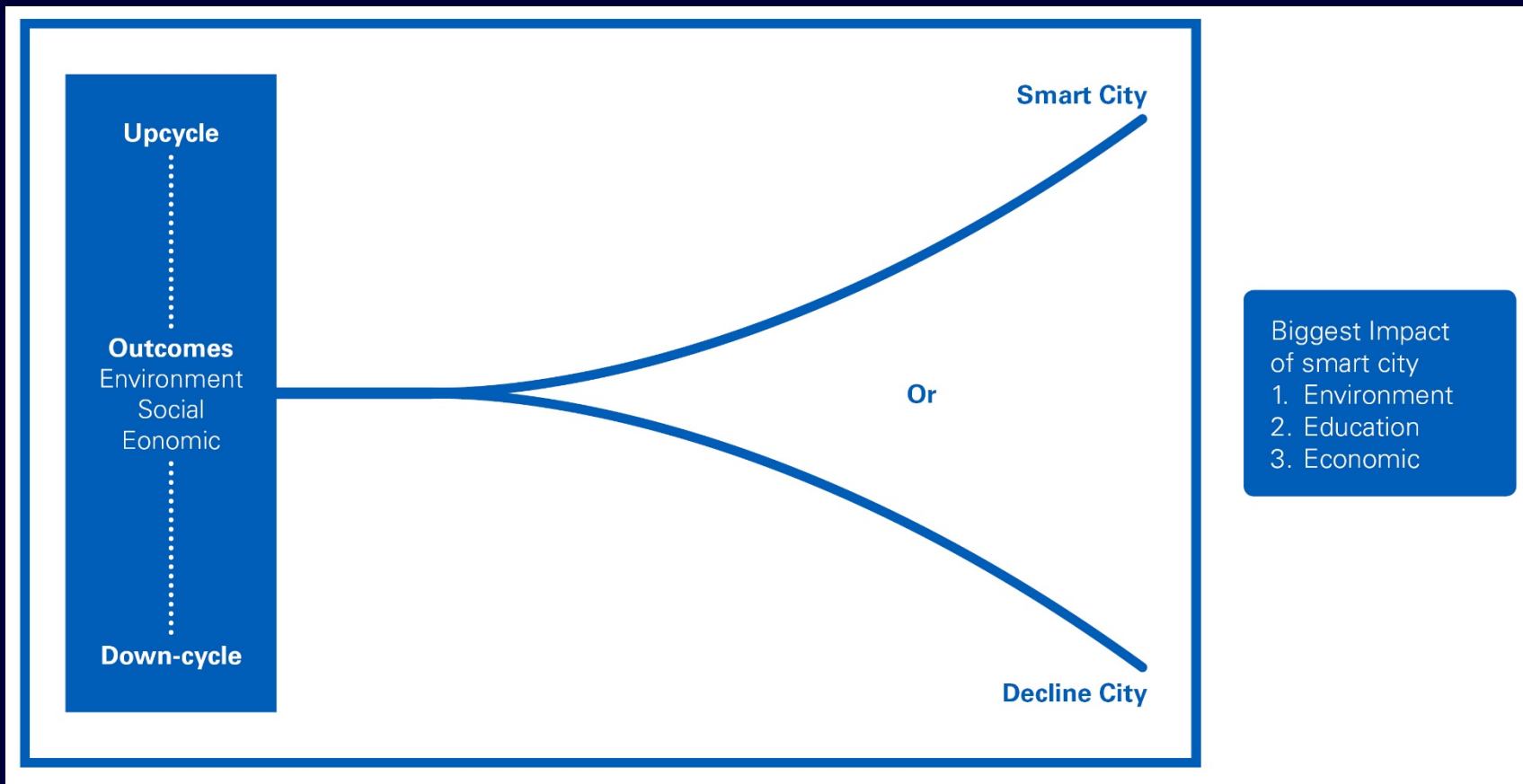
# UPCYCLE

## INCLUSIVE GROWTH (USA)

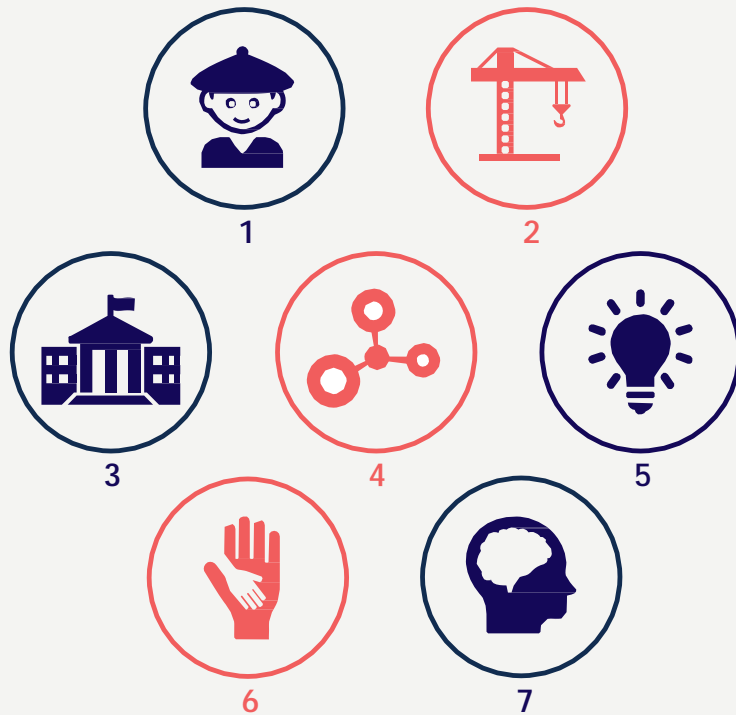


**Inclusive growth is low**  
It's hard – It might get harder (technology)  
It will take something special

# THE CHOICE



# THE PRINCIPLES



## KEY THEMES

Four themes have emerged from or review of the upcycle Cities.

- » Courageous Mind-set
- » Future people and environment first
- » Open and innovative ecosystem
- » Match innovation with execution

## For Magnet Cities the key principles that underpinned growth focused on the People (Young Wealth Creators) and creating the right city environment

### 1. ATTRACT YOUNG WEALTH CREATORS

Identify and establish a unique relationship between the city itself and the particular group of young wealth creators you aim to attract.

Target groups that have a logical link to the city. The city's point of attraction must be genuine – based on the city's heritage.

### 2. PHYSICAL RENEWAL

Ongoing physical renewal keeps cities interesting and new.

Consider the housing required by your group of young wealth creators, it's density, location and access to public transport.

A strong downtown area can strengthen the magnetic pull of the entire city.

### 3. CITY IDENTITY

Cities that attract young wealth creators have a strong and clear city identity that residents connect with.

Without a clear city identity it is difficult for people to understand what a city stands for and its attraction.

Through concerted effort you can create a city identity if it does not exist.

### 4. CONNECTED

Magnet cities are well connected to other cities – easy to get in to and out of.

The city must first have regained some magnetism before transport links are helpful, otherwise they provide easier links for residents to leave.

Visitors help build magnetism and are potentially tomorrow's residents.

### 5. NEW IDEAS

Magnet cities nurture new ideas.

If possible leverage off academic institutions to bring changes to the city.

Be specific about the industry clusters you want to support, then focus and support this development.

### 6. FUNDRAISERS

Magnet City governments attract private investments, research grants and public funds for the city.

Progressive magnet cities offer their own risk capital to attract investment and funds.

Significant improvement of a city requires public and private money working together.

### 7. STRONG LEADERS

Reinventing a city requires strong mayors and civic leaders.

Magnet city leaders have to stay true to the vision in the face of public dissent.

Magnet city leaders all work more collaboratively with residents, investors, developers, businesses and universities than is the norm.



# The Future of Cities:

Three overlapping concepts

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## Three overlapping concepts

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# The Future of Cities:

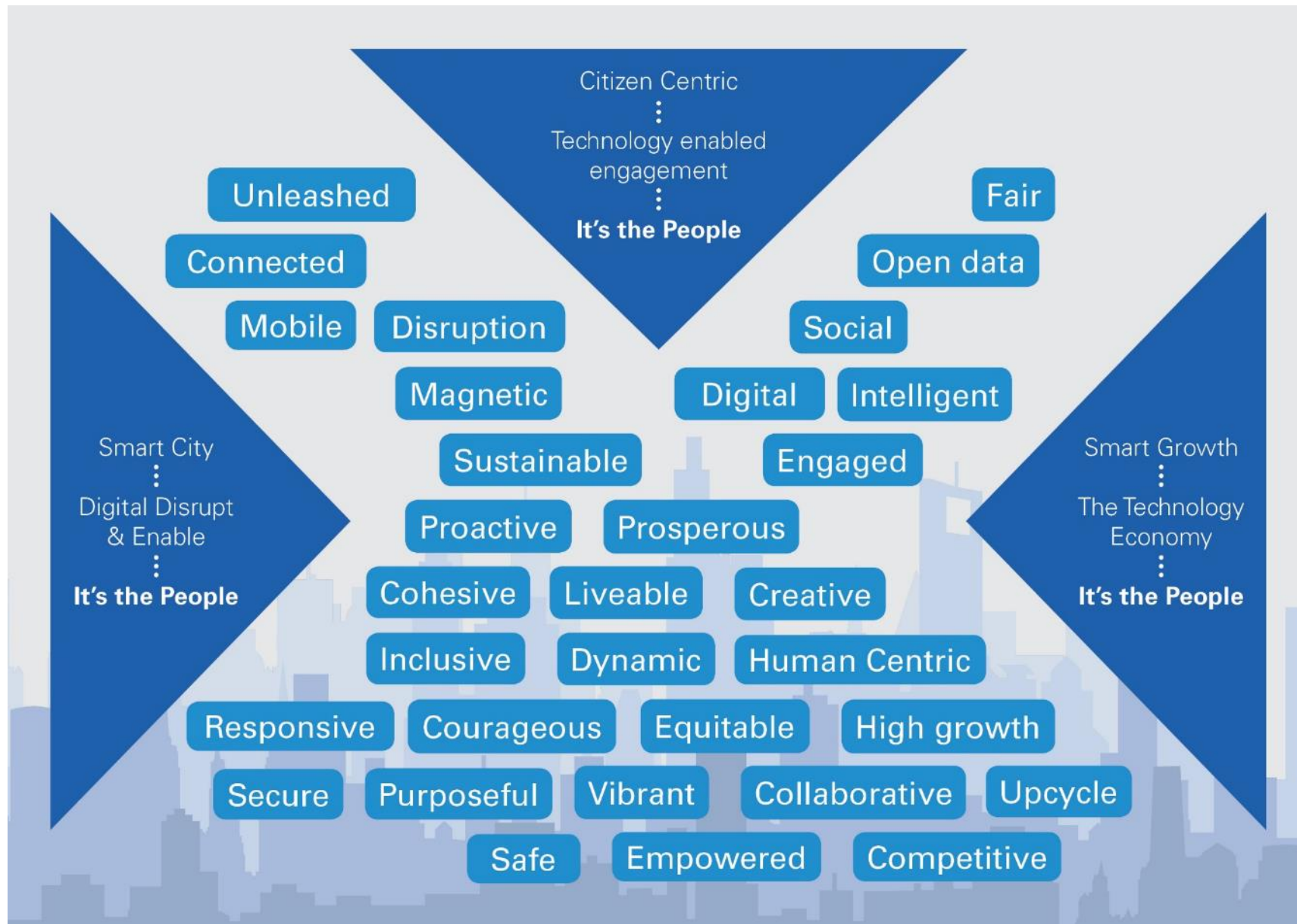
## Three overlapping concepts





# The Future of Cities:

## Three overlapping concepts





Analysed through The Six Pillars™ of customer experience excellence

Applied to key customer experience challenges:

Personalisation

Integrity

Expectations

Resolution

Time and Effort

Empathy



Customer Experience Strategy



NPS, Management & Voice of the Customer



Strategic Insight & Investment Analytics



Single Platform Technologies



Journey Mapping & Experience Design

Understanding international customer best practice



6 years of ongoing research



Across 3 continents



Over 1 million customer evaluations



900+ cross sector brands

# CITIZEN CENTRIC KEY MESSAGES

- » There are multiple citizen and stakeholder groups – active citizens, vibrant communities, engaged enterprises, purposeful academics and courageous local leaders.
- » Citizen centricity is built on trust, connection, collaboration, information, enablement and empowerment
- » *Technology is just an enabler - technology is not being citizen centric* (e.g. E-governance enables a better process but does not negate the need for governance).
- » Citizen centricity begins with listening, understanding and imagining which leads into design (of the ways of engaging, social interaction, the services and the shape of the city).
- » The key focus is on “design for citizens” which also recognises the need for multiple channels, different ways of bundling of services (one stop, integrated etc.) and different levels of service.
- » Reengineering existing services and facilities to be more citizen focused (more reliable, responsive etc.) can be an interim step so that sustainable solutions can be developed over time.





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# SMART CITIES

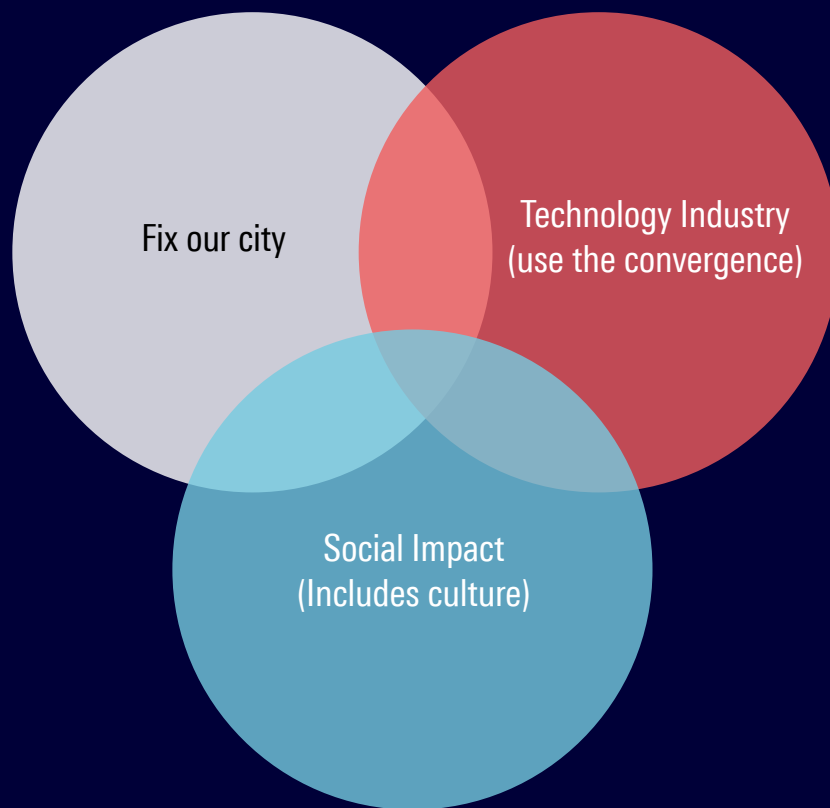
## KEY MESSAGES

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- » There is an exponential use of devices, exponential collection of data, exponential data capability – Smart cities are the users of the digital technology and information (in all aspects of the city).
- » Evolve and reinvent the physical space as well as the digital environment.
- » Smart Cities have a purpose beyond the delivery of services and effective functioning the city:
  - Improve the environment
  - Are inclusive
  - Enable business innovation
  - Are sources of ideas for world
- » Smart Cities are:
  - Less about efficiency
  - More about effectiveness (engagement)
  - More about quality and safety
  - More about people
- » **Smart Cities do not evolve in a planned, controlled and linear way – it's about enablement, agility, collaboration and the health of the ecosystem.**



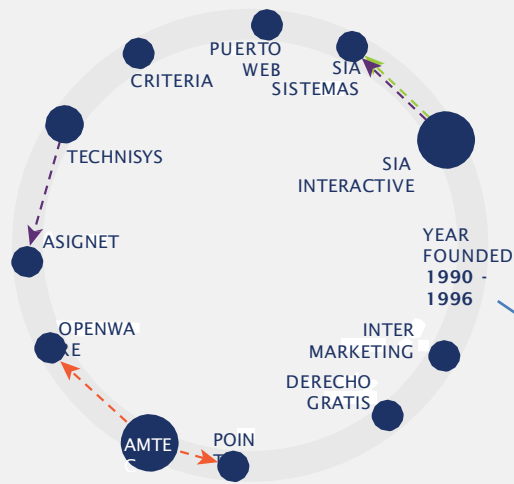
# Smart Growth The Technology Triple Play



## SMART GROWTH KEY MESSAGES

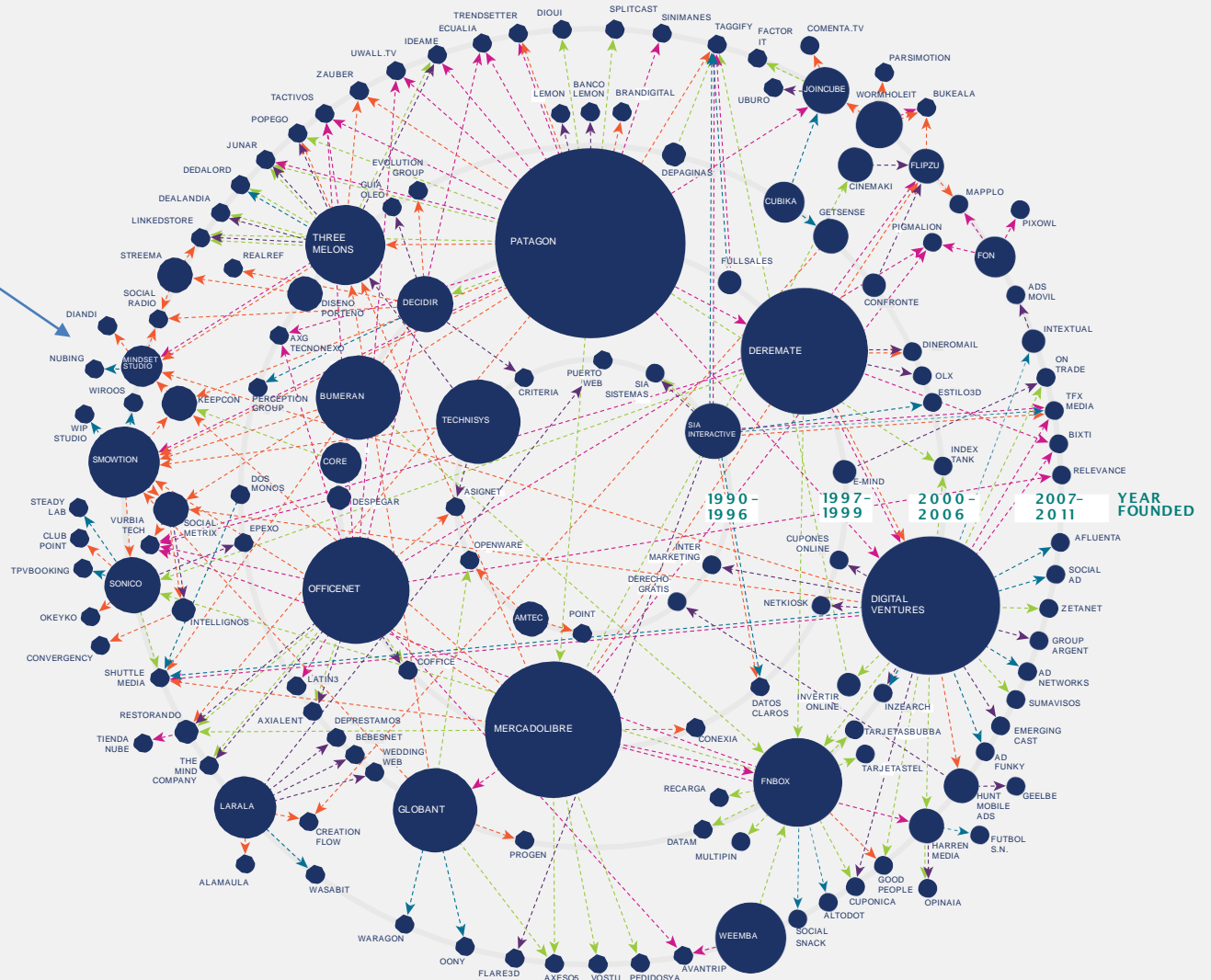
- » Sustaining growth is the best answer to the threat of decline.
- » The attributes of smart growth:
  - Alignment to a magnet ... a business factor or activity or group of factors that people are drawn to (that are inherently attractive relative to either national or global competitors)
  - Connected to an ecosystem
  - Sustained (continue to meet a medium consumer need, less threat from automation)
  - Aligned with tertiary education institutions
  - Double play e.g. Connection to a bigger purpose, local impact or social needs of the employees
  - Sticky ... people build businesses and stay
- » Smart growth is based on people and includes deliberate development of the city to align with the needs of the people that contribute to growth.
- » Smart growth is inclusive.

# SMART GROWTH BUENOS AIRES ECOSYSTEM



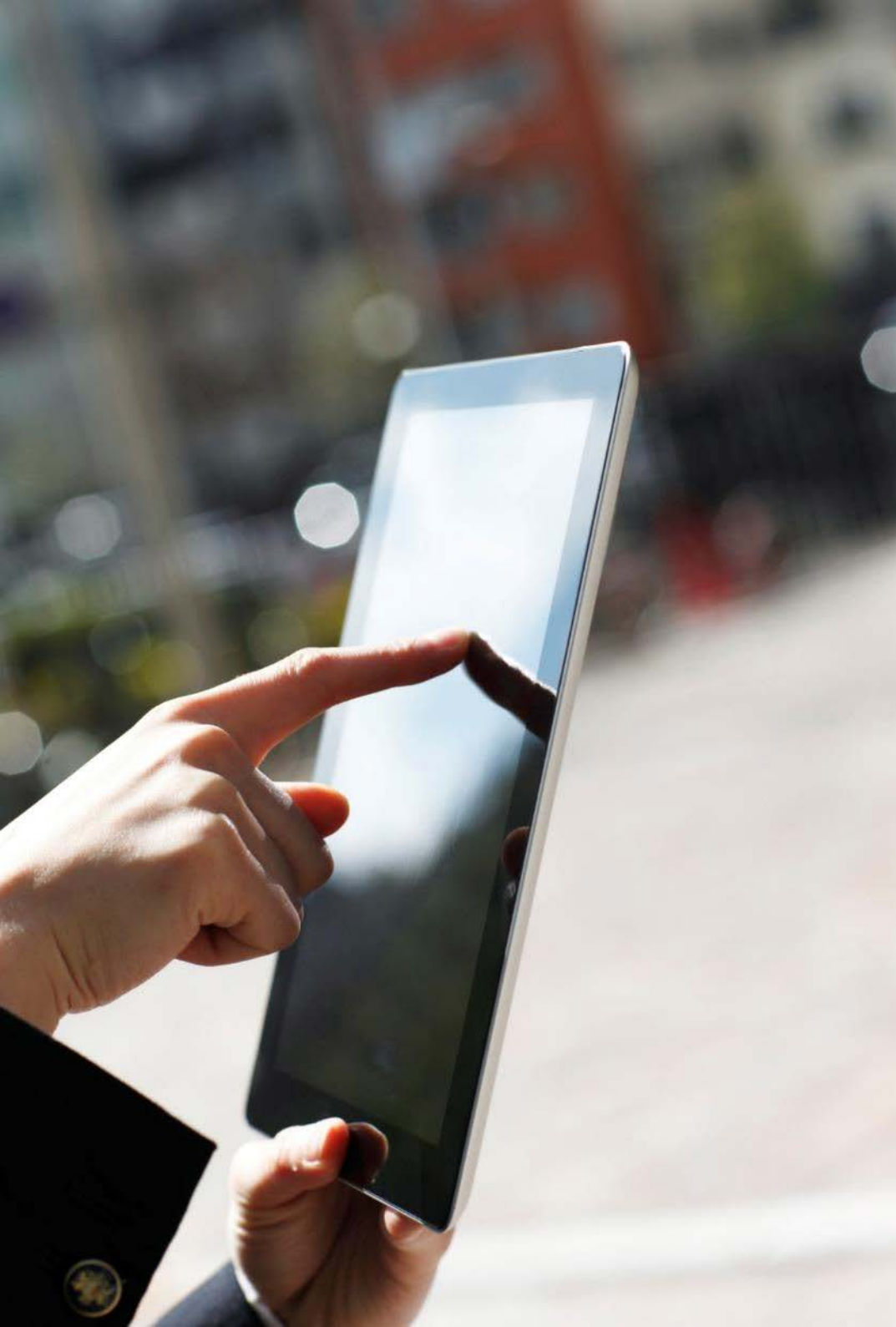
1996  
1st Generation  
11 Enterprises  
Limited relationships

2011  
4th Generation  
140 Enterprises  
VC Firm Established



## Type of Relationship:

- Inspiration
- Founder
- Former employee
- Investment Mentorship
- Mentorship



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# DIGITAL KEY MESSAGES

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- » All upcycle cities have a digital focus.
- » Digital is pivotal to:
  - Enable the Citizen Centricity
  - Enable the Smart City
  - Smart growth
- » The digital play for each city is unique.
- » Digital can divide cities into upcycle / decline.

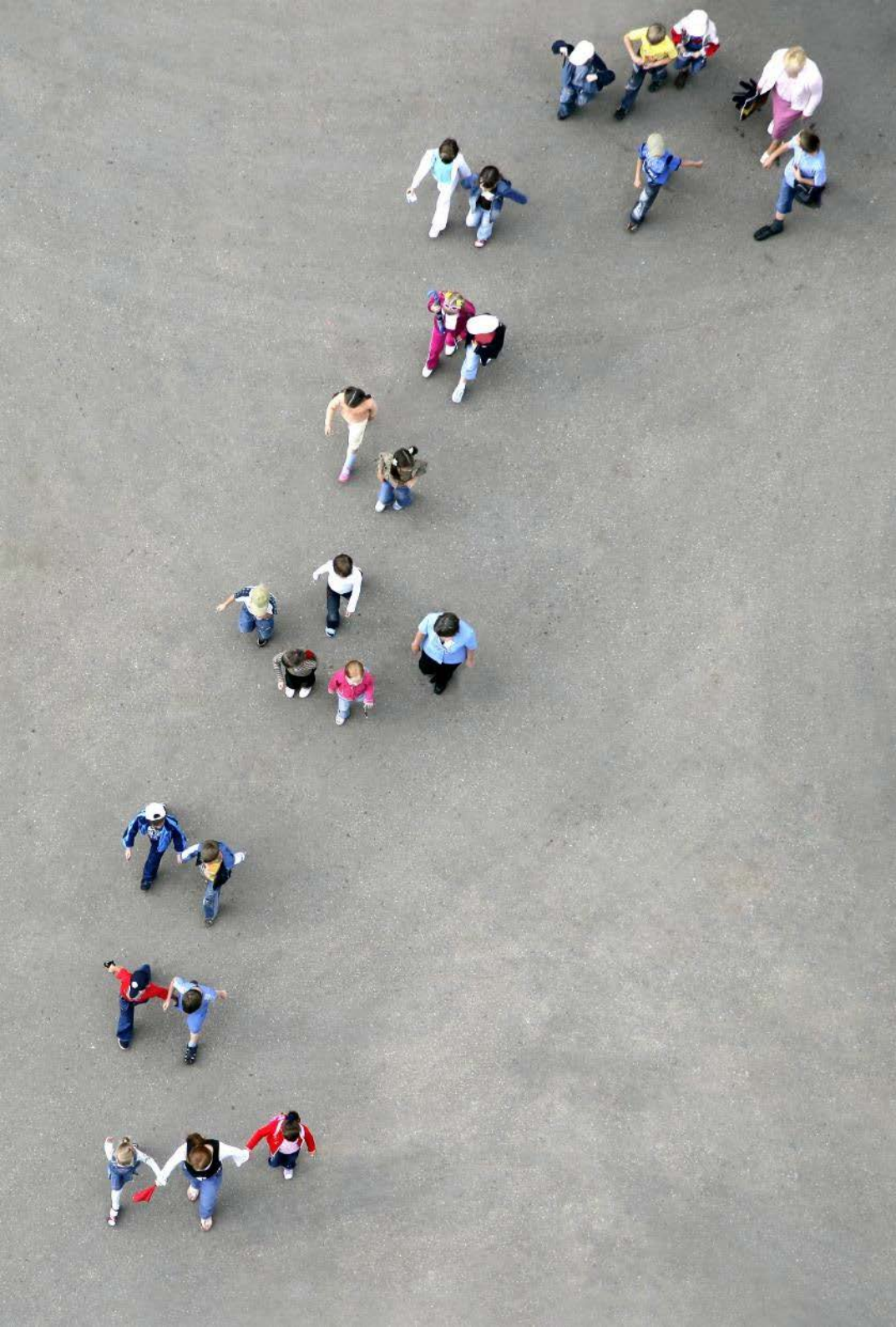


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# PEOPLE KEY MESSAGES

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- » It's the people
- » It's the people
- » **It's the people**











# WELLINGTON TAIL WINDS

- » World leading Public Sector innovator  
(+ Govt IT Investment)
- » Thriving Tech Sector & Start-up Ecosystem
- » Technology Sector Leaders – Zero, Trademe, Data com, Weta, Fronde, Intergen, Optimisation, Certus, Catalyst IT, etc.
- » Wellington has 14%(14,000) of NZ 98,000 tech jobs
- » Aligned Education - Leading Universities (Victoria, Massey) plus 17 other leading institutions
- » Quality of Living Ranked 16<sup>th</sup>
- » High incomes, low unemployment
- » The vibe from a thriving mix of culture, arts, music, beer, coffee and music
- » Coffee



**CREATIVE & EXPERIENCE TECH**  
**- A CAST OF 15,000 WORTH**  
**\$5B? (THE HYPOTHESIS)**  
**WELLINGTON'S HIDDEN**  
**MAGNETIC ECOSYSTEM**



**THE ECOSYSTEM FOR A**  
**MAGNET CITY EXISTS...**  
**IT JUST NEEDS**  
**CONNECTIONS AND**  
**COMMUNICATION**



# WELLINGTON HEAD WINDS

## » **Transport**

34% Congestion – 72% Morning peak congestion which is worst in Australasia)

## » **Housing**

Shortage of >3,500 homes – This gap is increasing

## » **Resilience**

High impact of weather and earthquake events

## » **Economic Stagnation**

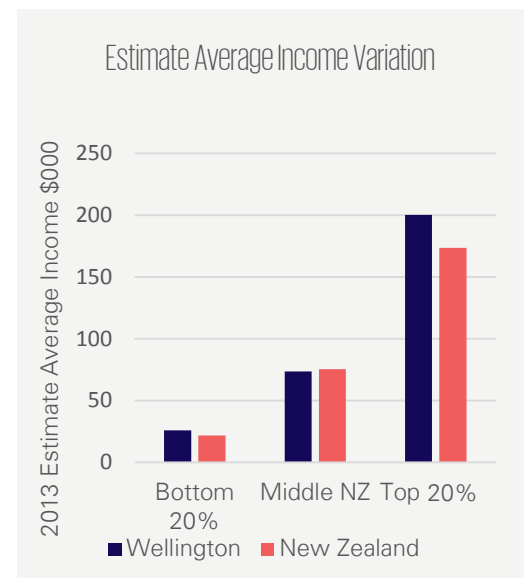
Employment Growth 1% CAGR (2006 – 2016) vs Auckland >3%. Wellington has added just 10,000 new jobs in 10 years

## » **Information, Media and Telecom**

6,100 employees, (2% of employee), 2006 -2016 Employee decline -3% CAGR

## » **Poverty & Inequality**

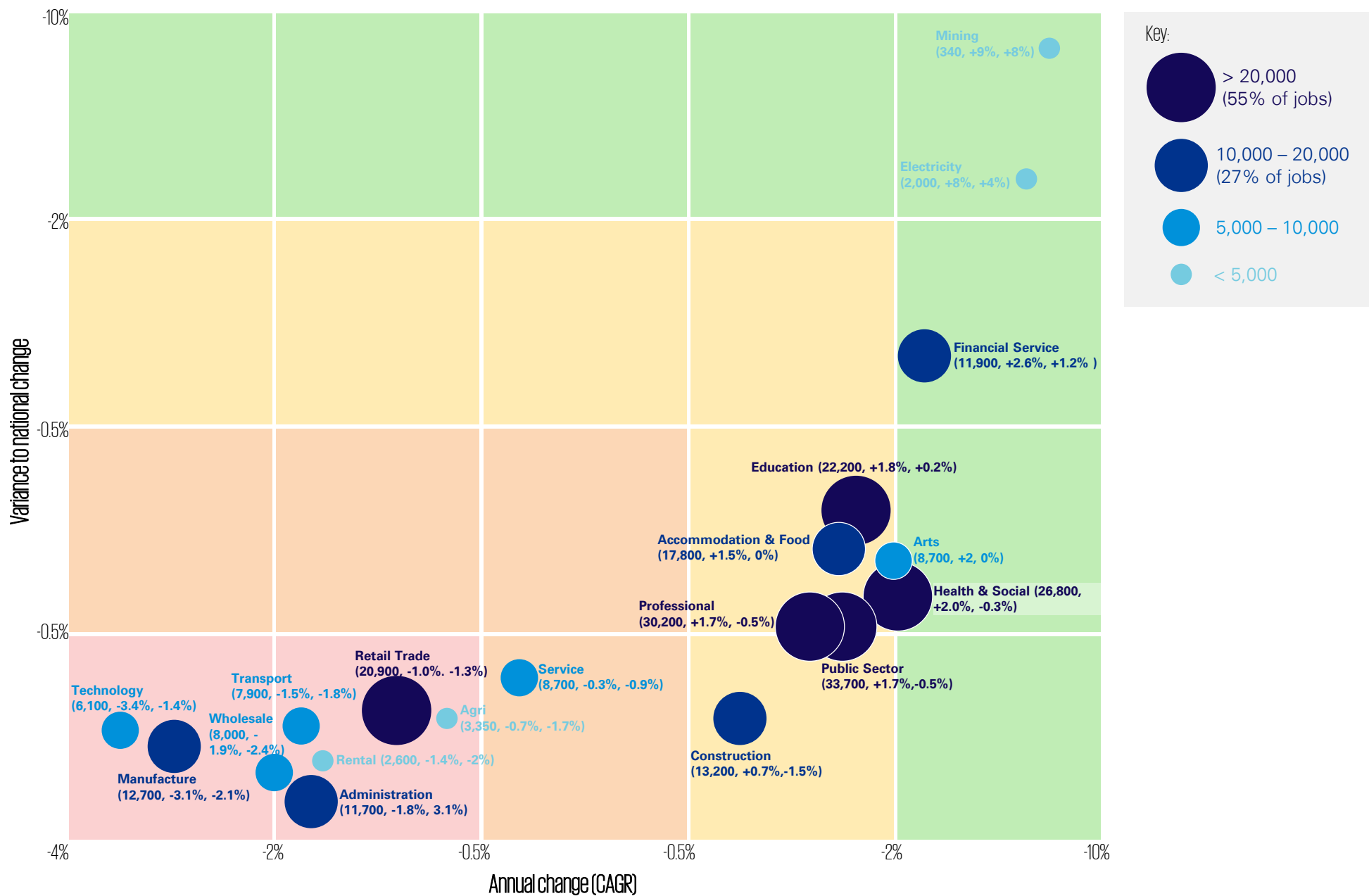
Bottom 20% of households average income was approx. \$25k – The top 20% earn >\$150k)



» Flat White \$5.05

» Start-ups per 1,000 people?

# WELLINGTON GROWTH MAP







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# WELLINGTON



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## » **How to unleash Local Government**

Can Local Government move from road-block to enabler?

## » **Leverage Public Sector IT Investment for a Triple-Play**

- Innovative improvement in public sector services
- Wellington employment
- Govt-Tech incubator

## » **Funding physical resilience & infrastructure**

## » **Shared outcomes**

## » **Universities lead**

All the fast moving cities embrace their Universities to lead future

## » **Connecting up the ecosystem**

High impact of weather and earthquake events

## » **Take Tech to a global level**

How to build on the current momentum

## » **The cost of a caffeine hit**

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What's the Wellington magnet that propels an upcycle to create 60,000 high paying jobs in 10 years

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## Contact

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