

## Transcription details:

Date: 19-Jun-2014  
Input sound file: Moxie Session podcast 16

## Transcription results:

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S1 00:10 Hello and welcome to another episode of The Moxie podcast. This is episode 16 recording on Monday, June 16th 2014. This is the companion web show to the Moxie sessions which is an internet economy discussion group which is held once a month in Auckland, New Zealand. Our aim is to bring together a group of interesting techno-philes from across the economy to talk about how New Zealand can take advantage of the internet to improve it's economic performance. I'm Glenn Williams with you here in London and as always I have a fantastic panel of guests to discuss today's topic and I'll introduce them very very shortly to you. The last Moxie session was held at - well it was actually all about clusters collaboration in co-working and that was held in Auckland at Grid AKL or Grid Auckland which is the innovation precinct at the Wynyard Cordo which is a fairly new thing down there in the Wynyard Cordo, near the water front. It's a perfect place to discuss this topic as well. Because it's all about of course bringing people together in a physical context but in a technology kind of sector of the economy. How is New Zealand going at clustering and building a coherent connected tech-echo system? And what can we do to work together better? The biggest cities are even more important as seemed as the economic activity, what are the implications for a country like New Zealand. Let's introduce the panel of experts on the show today who were at the Moxie session, and joining me on this podcast. First up it's Patrick McVane who is the General Manager responsible for economic growth at Auckland Tourism Events and Economic Development, that's the organization or ATEED for short. Now prior to be at ATEED, Patrick also led the preparation of London's economic development strategy during his time with The London Development agency. Patrick is going to be looking at and building the case for having clusters. Welcome to the show to you, Patrick.

S2 02:07 Hi Glenn, good morning.

S1 02:09 He's with is in Auckland. Good to hear of you. Joining Patrick is the chief economist at the Auckland council, Geoff Cooper who will be looking at the role of cities and the value of having population clustered together. He's joining us just on audio today, welcome to you Geoff.

S3 02:23 Yeah, good to be here, thanks to all of you and everyone else as well. [chuckles]

S1 02:27 Lovely to have you here. We also have Anna Gupta who is co-founder of the extremely successful and homegrown crowd funding website pledgeme.co.nz. and has a history in economic development including a stint with NZTE. She returned to study to do a masses entrepreneurship and that's where she wrote

about crowd funding and then decided to build a platform. Anna will be talking about why sharing is really really great. Welcome to the show Anna.

S4 02:57 Thanks for having me.

S1 02:58 Good to have you. Slight delay there with Anna but hopefully that will sort out. So let's dive right into it. We are talking about clusters collaboration and co-working. Now Patrick you were at the first or you were at first of the session so can I get you to give us now the view of what you talked about at the session?

S2 03:15 Yes well happy to Glenn. One of the points that I was trying to make was I think we have to be really careful when we used terms like clusters and cluster development when we're talking about economic development interventions. It's really clear that there are numerous examples across the world of functioning clusters that can actually deliver real economic transformation in their localities. You have to be quiet I think sensitive to the idea that you can through the efforts of the public sector, create a cluster. And I think we also have to be very conscious of that the outcome of any of that type of activity is not necessarily the formation of a recognized cluster. Really what we're looking for is employment growth, job creation, exporting et cetera. I think one of the dangers sometimes when we talk about clusters and clustered development is it's got of slight sort of branding issue that people get concerned by that as the particular outcome, rather than what we're trying to achieve. If we looked at the project that GRID AKL in the [?] quarter, what we're really trying to achieve is connectivity, greater connectivity, greater collaboration, greater opportunities that coalitions to occur that create innovation and new ideas transferring. The approach that we've taken very much in building the innovation district within sort of annual quarter is to create those opportunities that people to come together which is in itself obviously a form of clustering but it's based around that whole notion of growing more connections, more connectivity, more coalitions across the ecosystem.

S1 04:52 Let's now hear from Geoff. Now at the session you were talking about the value of cities and why they're so important for fostering growth. Can you give us a rundown on your talk Geoff.

S3 05:01 Yes sure. I mean, I started a little about talking about the advance of China actually, some of the cities that we're starting to see there and putting that in the context of Auckland in New Zealand. I think cities are becoming the new medium of exchange around the world. The first time we're saying that 50% of the world population is living in urban spaces. The reason that this is happening is because people are more productive in cities. The innovation rates are higher. We see that [inaudible] are more frequent in cities, this sort of things. If there is in New Zealand which is productive as Auckland then New Zealand's GDP will be in the order of 27% higher. There are reasons why - good economic reasons - why cities are beginning to become the medium of exchange around the world and the challenge for New Zealand really is to start investing in it's cities so that it can compete with this new movement. I particularly talked about China because it is frequently we think about it as a country of cities of production but increasingly, they too are becoming really nice consumption cities that will increasingly start to compete with New Zealand. Unless we are able us to become a country of cities that can compete in the world, we're going to

struggle. I think sort of gets to the essence of what we mean by clusters. It's centres of innovation, really and we need to invest in those centers.

- S1 06:30 But also centers as population as well.
- S3 06:33 That's right. People moved to places for very good reasons and one of the reasons is access to employment, access to good amenities, urban spaces, these sort of things. While cities are growing and getting more productive, that will tend to increase the number of people who want to come to them. One of the flip sides of that of course often is not talked about as much is that these centres of density that pull people towards them create costs as well you know. Things like congestion costs and environmental costs and high house prices. So, in some ways, the biggest challenge for a local government is to manage these costs and make sure that they don't become greater than the agglomeration benefits and the productivity benefits that come about because of density.
- S1 07:21 Its interesting Geoff, have you been looking at cities in almost in the context of them being a living entity like themselves and almost an organic and all this small parts make up a one giant kind of organic moving sort of power house.
- S3 07:40 Well, they are. And I guess that's why I talk about consumption cities and production cities. It's only until recently really that people have made choices about where they live based on urban amenity and schools or good transports. These sort of things. In the past, it was solely in order to get access to jobs and appointments, but that is changing a great deal and its part-- all the pieces of the puzzle are starting to move a little bit. Seeing that in the 20th century and its starting to magnify in 21st century.
- S1 08:13 That's really interesting way of looking at it. Thanks Geoff. Now, to Anna. Now, you are looking at crowd funding and the sharing economy. Anna, Can you go us around down your thoughts from the moxy session?
- S4 08:25 Yes. I just, I really talked about how technology can be used and is used to increase efficiencies and that's why it is easier to collaborate through using it. That's what we are seeing in [?] space. You get people really easy asks to collaborate around one idea and they can make a decision using funding. We also talked a little about how technology should be used to enhance community and not place it. So, its just another way to show the community that you are [?]. And also, talked about how better decisions actually come from more diverse conversations. So, how do you increase collaboration with folk you don't normally collaborate with and I think the final point that I really made was the idea that collaboration's great but it's only great if it's there for a purpose. You need a catalyst or a reason to be collaboration rating, it needs to be action driven.
- S1 09:20 That is really interesting, let's keep talking to that as whole online and sort of offline collaboration. Isn't it surprising in 2014 that physical collaboration is still as important as ever as now the online?
- S4 09:38 You can understand that though because you still need to be making relationships and connecting with people and that often as easier in the offline world. But we are seeing huge advances in technology that enable you to collaborate online be it crowd funding or be it the likes of [?] where you can

make online decision really easily as a group. But it doesn't replace the need to connect offline I think.

S1 10:03

Yes right, so is it still the case that you wouldn't necessarily collaborate with people that you haven't met before? Do you still kind of a press the flesh as it were?

S4 10:18

I think you need a good reason to collaborate if you didn't know each other or you haven't met the person before. I'm not saying that there aren't times when that definitely makes sense especially around certain issues that people are passionate about. But I still think that there is still something really important about offline time.

S1 10:40

Is that how you feel as well Patrick? Is that why these hubs like the new Grid AKL hub in Auckland, is that why that's important that these light-minded businesses needs to be clustered around together?

S2 10:55

Yes. I think both Anna and Geoff make some quiet good and relevant points here. I think we are ultimately-- We are still social beings as human beings and you do need that physical interaction. I think Anna makes a good point that may be if you have got a group of people that have a shared or common interest, its easier to go straight [?] of a digital interaction. But actually, in many instances, building the sort of social bonds and building the ties that come with that can then be reinforced by technology afterwards. It raises a important point about how you sort of curate the type of environments where you looking to get greater collaboration and connectivity. That's one of the things that we put quite a lot of kind of consideration into around the grid because its not just enough to kind of create a nice work space and throw people to gather and assume that those collisions will occur. You do actually have to take a active role in trying to curate those connections to ensure that collaborations becomes a sort of standard way or operating but also can be leveraged for business benefits so one of the [things?] we have within the first building in the innovation precinct, we have community managers. What might have been previously looked at in traditional office head, someone like the office manager. But the community manager is much more about trying to make those connection between the different companies in the space. We've now got 11 companies set up in this first building. It's only a first step of a much broader precinct that needs to be built out, but building that culture of collaboration in curating that environment from the outset is one of the things that hopefully creates some ongoing benefits of having these types of spaces.

S3 12:45

I think that point that Anna makes is quite an interesting one. I think that in some ways the ease of communication is the great paradox of cities. On the one hand we starting to see more and more people crowd in to fewer and fewer areas, you made the point before that its the biggest cities that are growing fastest. So, we tend to be clustering more rather than less but at the same time we seem to have quite a reduction in the cost of being able to talk to each other and I think it does get to Patrick's point that at the end of the day we are social beings and we like to be in communication with each other. There are sometimes, when you know, communication like this works out better. But, when we look across the economy there are number of sectors which will show that they really do need face to face communication. You think about banks or you think about the stock exchange - the trading floor which people are really

close to one another and need real time information as soon as possible. There is no doubt that that's more important to some sectors than other sectors.

S1 13:56

Which is odd to think, when you especially when you talk about the share market, when we now just not dealing with anything physical. It is just numbers on a screen and yet they all need to be in the same room. It's a strange social kind of-- it's ingrained in our DNA perhaps.

S3 14:11

Well that's right an interesting experiment would be, could you do that all online? And I suspect it would be very difficult because you trading information so quickly and you're reading people's expressions as well. That's a sort of stuff that you really can't get unless you're face to face. But in some sectors you don't see it. It's not so important. Sectors like manufacturing or agriculture where land tends to be more important. Cities we see that sort of sectors that value knowledge more than they value space. That's the sort of sectors. The IT sectors that Patrick's talking about here where we starting to see firms comes to places like Grid AKL. Those sort of sectors where knowledge is really important. But increasingly around the world we are seeing that the returns to knowledge, the returns to innovation are so high now and that's why we are starting to see firms take very seriously the need to co-locate next to other firms. And that's you know, at it's heart, that's what driving cities to become more important now than they have been in the past.

S1 15:23

But at the same time, with this technology, we are seeing this you know, this call to tele-commute and not be in the office. Will that be seen as some kind of early failed experiment?

S3 15:34

Well, I think at it's heart, these sorts of technologies are compliments to proximity rather than substitutes of proximity and I think that's what the research sort of tells us in this space is that it tends to be-- You know, looking at for instance who you communicate with on platforms like Facebook. It tends to be people that you are in reasonably good contact with on a reasonable basis anyways. And so its a compliment to that face to face activity anyway, I think. So you know, there are-- you've mention some there, telecommunicating being at home. It tends to be that people are home maybe for one or two days a week, but they'll come into the office for the other remaining amount of time. So again it's a compliment rather than a substitute and I think it needs to be looked that way.

S1 16:23

Anna, have you got some thoughts on that as well?

S4 16:26

Yes, I totally agree, I think. Especially what we do, we're so passionate about this idea of local being really important and having these offline communities as well as supporting them online. I do think that people that are telecommuting... Geoff is right, they are telecommuting at some point, but it doesn't replace the need to connect face-to-face every now and then. It doesn't replace the need to still put time into making sure they are connecting as people as well as doing the work together. One thing that came out of our session last week that went to this like-- it is a slight move on from what we were talking about, but I thought it was really interesting that... someone mentioned, you know, a lot of the simple problems in the world had been fixed and now we're trying to fix complex problems and the only way to work on complex issues is actually to collaborate because we can do a lot of different thinking and a lot of different people working on these issues. And I thought that made a lot sense with this idea of

collaboration being really important as the world becomes more complex, we need more people thinking together.

S2 17:30

Some interesting points from me from that as well, which came out in the discussion, very much this idea that technology isn't a substitute and I think it didn't... I mean a lot of the early noise around teleworking was how it's going to change commuter patterns and all these types of things and you would a different demand for office space et cetera. Quite often it means that people can work in multiple locations and perhaps can work for too many hours during the day because it's so easy to be able to stay in touch, but it does give a degree of flexibility, but people still want that face-to-face interaction. I think the other thing that's quite important that came out in the discussion was this idea about not creating mono-cultures as well. So when we kind of get groups of companies together - whether they cluster together - it's not looking at it from a very narrow sector angle, it's actually thinking of a broader technology as a platform for all businesses and all sectors and the interaction between small entrepreneurial, tech-based start-ups. They need to actually have the ability to engage with larger corporate customers, commercial services, et cetera. And again, it's something which probably reinforces this notion of agglomeration in central business districts where you do have a typically will have a mixture of different types of businesses and sectors and that creates again opportunities for cross fertilisation and pollination of different ideas between sectors, individuals and companies.

S1 19:04

So, looking at Auckland in particular-- Auckland has a fantastic mix of cultures - very diverse place. But is the collaboration that's going on - is it diverse in itself as well, at the moment? Does onlined collaboration make it more or less diverse or just the same? Anyone got some thoughts on that?

S3 19:27

One of Auckland's most important advantages is it's diversity. It's diversity is changing terrifically at the moment. Having a look back at the last couple of census, it is becoming a truly globally diversified city. But I don't think that we are taking advantage of what that has to offer. You often see that different ethnic groups tend to cluster themselves, and so one of the challenges is actually trying to get that cross-fertilisation that Patrick talks about. What does that mean in terms of your city design. How do you try and create those connections and those accidental run-ins that create ideas. Again going back to some of these Chinese cities, that really is the future of cities happening over there. As we talk, cities are being created on a daily basis. We have a huge amount of people that have connections to that area of the world and we need to be utilising those and embracing those. I think we've got a long way to go.

S1 20:39

So has the idea of a global village really taken off at all?

S3 20:43

In Auckland it certainly has. We're trying to understand as they say exactly how to take advantage of that. Patrick, you may have some thoughts on that. Coming from the [80s?].

S2 20:56

Yes. I think the global village clearly exists. I think because question that rises and one that Geoff alludes to is whether everybody has equal access to that village? So there certainly is a very kind of global and interconnected space now and space is becoming less of an issue and there is the ability of companies and individuals to move around, but is everybody connected into that? Are we getting the full benefits of that competitive advantage of diversity that exists?

And undoubtedly where you do seek to create greater collaborations, one of the things I guess we all have to be conscious of is that in doing so, we don't put up artificial barriers or real barriers to people entering and playing in those groups. And it's something which we probably all have to be thinking about in terms of how do we ensure that the opportunities that have been created by collaboration are open to everybody?

S1 21:55

Go ahead Anna.

S4 21:58

I just think one of the things that Geoff said that really struck me is that we do tend to cluster with people that we feel similar to, but that one of the most important things about fostering collaboration is trying to get those diverse conversations so you can make better decisions. I think that all comes down to, at the end of the day, yes you do need a catalyst. You need a reason to be collaborating, otherwise you're just talking with a lot of people, for the sake of talking with them. Last session Geoff made the comment, or question if, "Was it possible to collaborate with your competition?" I just thought that that was true, you could collaborate with competition, especially around specific issues and problems that you all might be facing, but you do need to leave space for the competition as well.

S1 22:45

We got that, and that's one thing you've been looking at Anna, is this idea of sharing, which to a lot of people would seem kind of a little bit scary, and a little bit, sort of anti-productive really. I think perhaps in New Zealand we have this idea that sharing is a sort of a scary thing, you don't want too many people to know about what you're up to or what your idea is - but you think that should be the opposite. There should be more sharing of ideas, and getting plans out there, and more assistance.

S4 23:18

I definitely believe that there is a lot of room to share, because then you can actually build something better - either together or in competition. The quote that sharing is the new buying, according to Fast Company.

S1 23:31

Thanks for that Anna. Now a question raised at the session was whether New Zealanders ourselves have sufficient ambition to actually really make a dent in the world, and Patrick, your thoughts on that, being someone from outside the country yourself, what are your thoughts on New Zealanders and whether or not they are ambitious people?

S2 23:52

A couple of things. I think New Zealanders are very visible on the world stage. I think we always talk about the country punching far above it's weight, so if it's ingrained in the whole OE experience, and people will actually go and spend time and engage fairly easily in another cultures, and that's one of the things that I think enables New Zealand to play a much greater role on the world stage than perhaps the size of the country you would expect to see. I think, couple of other things around that though, linked to that, the issue about the size of the domestic market means that, for actually companies to grow, they do have to be thinking globally from day one, and be looking at those export markets. That's becoming I think easier as, not only do we have a series of very strong sort of free trade agreements, but distance is becoming less of an issue, as both as both technology improves and kind of connectivity in terms of flight routes etc. have improved. One of my observations would be that New Zealanders are very connected. I think, for a small country again probably because of it. There's low barriers to entry in terms of people forming relationships and being connected,

but they're not, perhaps, as collaborative as they, perhaps, need to be, moving forward. So, people are really good at getting on, but they still like to be able to solve the problems themselves. And that's one of the things we're increasingly trying to address when we think particularly about the app-based economy and how, as Anna said, you will get a better product, better idea if you can share it.

S1 25:31

I just want to finish on a focus with Auckland, seeing as we've got Geoff here as well. Geoff, what are the challenges to growing Auckland and making it a more collaborative place, in your point of view?

S3 25:46

There's different answers to that depending on what point of view you put forward. From a local government and public policy perspective, we need to work out congestion and we need to work out how to bring down house prices. Because when you think about it, house prices are one of the great barriers for people coming to cities. Auckland's house prices are extraordinarily high, and they do prohibit people taking part and gaining access to those higher wages, and so I think there's a couple of really big things that need to be addressed at a sort of more local level. I think it's about creating livable spaces - urban places where people can sit and be comfortable and want to be in. We're starting to see some of that happen in some of our town centres in Auckland, and I think perhaps the best example of that is downtown Britomart area, where we're starting to see a really cool urban space coming together there, and something that I think all Aucklanders can be proud of. We're starting to see the restaurants, the cafes and behind that, the IT, the banks coming in there. It's becoming a real centre of economic activity. And, I think, sort of paves the way forward for Auckland. But, as I say, if congestion continues to increase and really erode some of those benefits of proximity and house prices get too high, we'll start to see Auckland go backwards.

S1 27:22

Well, I think we should wrap this one up. It's been fantastic having our panel of guests talk through the topic today. We've been looking at clusters, collaboration, and co-working, particularly in Auckland but also online as well, across the country, and around the world. We've been with Patrick McVeigh who is at ATEED. Patrick, if people want to catch up with what you're up to online and follow your thoughts throughout the day, where can they find you?

S2 27:51

Well, obviously, there's the ATEED website – <http://www.aucklandnz.com>. You can also find me on Twitter - @patrickmcveigh.

S1 28:01

Now Geoff, Geoff Cooper, who is the Chief Economist at Auckland Council. I've done some Googling of you, Geoff. You're a hard man to find online, so what's the best place to go?

S3 28:12

Just <http://aucklandcouncil.govt.nz/chiefeconomist>.

S1 28:17

Do you put out regular reports or do you do columns in the paper or that sort of thing?

S3 28:23

Yeah, all of our information's up on that website. Yeah, we do columns in the paper. We do an Auckland economic quarterly, which tracks city-based issues in the Auckland economy. And then we do a publication called Housing Matters in Auckland as well.



- S1 28:40                    Okay. All right, well, Anna Guenther's also been with us as well. Co-founder of <http://www.pledgeme.co.nz>. So that's where you can go. Where else, Anna, online?
- S4 28:50                    Follow us on Twitter @pledgeme. We talk about all this stuff--
- S1 28:54                    Brilliant. @pledgeme on Twitter. And we did get that, yes. So, thank you very much to you guys for being on the show. You can go along and find us in video form or in audio up at the <http://themoxiesessions.co.nz>. Also you can find all the archives of all the previous shows plus the transcripts as well as the links to the write ups in the NBR that Vaughn Davis does as well. So it's all there for the taking. Don't forget to subscribe to the show as well up at the <http://themoxiesessions.co.nz>. I'm Glenn Williams with you here in London. That has been The Moxie Podcast, Episode 16. Until next time. See you.
- [music]