



Smart Cities Investment Forum

Summary Report. March, 2019

Smart**Cities**Council® Liveability
Australia New Zealand Workability
Sustainability

About us

SmartCitiesCouncil® Australia New Zealand

Smart Cities Council Australia New Zealand (SCCANZ) is part of the Smart Cities Council, the world's largest network of smart cities companies, practitioners and policy makers, embracing technology, data and intelligent design to accelerate liveability, workability and sustainability in our cities and towns.

Further information about the Smart Cities Council can be found [here](#).

Participants

SCCANZ wishes to thank its partner company and the forum venue host, KPMG.



We kindly thank all participants who contributed to this important forum. The organisations represented included:

- Suez
- Telstra
- University of New South Wales
- Ferrovial
- Lendlease
- University of Sydney
- Vertiv
- Albury Wodonga
- City of Sydney
- Alpin
- Optic Insights
- Macquarie Bank
- Broadspectrum
- Bathurst Regional Council
- Inner West Council
- CSG International
- Austrade
- KPMG
- Waverley Council
- Internet of Things Alliance Australia
- Clean Energy Finance Corporation
- Meshed
- Department of Infrastructure
- Astrolabe Group
- McCullough Robertson
- GRESB
- SMEC
- Green Building Council of Australia



Introduction

The inaugural Smart Cities Investment Forum, hosted by Smart Cities Council Australia New Zealand (SCCANZ), gathered stakeholders from the investment community, Government, academia and technology and advisory companies in March 2019 to exchange ideas on a topic rarely discussed – smart cities investment.

The purpose of the forum was to discuss how to accelerate and scale investment in smart city solutions to support more liveable, workable and sustainable cities and towns throughout the nation. The event was the first time these sectors had gathered to discuss and identify such opportunities.

The summit included a range of presentations about the existing smart cities market place, key smart cities trends in the region as well as the latest research on the business case for smart cities. A deep dive roundtable was facilitated toward the end of the day which explored key barriers and opportunities for scaling investment in smart cities.



The agenda for the day included:

- International Keynote: The Smart Cities Investment Opportunity – The latest business case research
- Panel 1: Smart Cities Rising – Australia, ASEAN and global trends and opportunities
- Panel 2: Smart Cities as an Investment
- Roundtable Deep Dive: Project bankability and structuring, City Deals, data as infrastructure and climate smart buildings

In facilitating the sessions, and framing the dialogue, SCCANZ was clear on the forum's intent, which was to focus as much as practicable on seeking out the opportunities for replication and scale of smart cities technology and data solutions that could provide both a social and economic return for citizens and businesses.

Headline themes

As the agenda unfolded during the forum, and speakers and panellists engaged in dialogue with the audience, a number of themes continued to emerge which are worthy of noting upfront in this paper. Whilst many important themes emerged, these were considered some of the key ones:

1. The need to “close the gap” between cities and the investment community

It was agreed that there continues to be a gap between local government and the investment community. Some cities at the forum acknowledged that they had never discussed financing of smart cities investments with investors, and vice versa. Starting to have this conversation was considered an achievement in itself. What was clear was that sustained dialogue is needed, to enable both sectors to better understand their respective needs, drivers and potential opportunities to bring smart cities projects to the market.

2. Scale matters

The forum sparked much discussion around scale – or lack of scale when it comes to bringing smart cities projects to the market. While the investment community is interested in ‘bankable’ smart cities projects in the tens and hundreds of millions of dollars of value, a city may only have smart cities projects developed in the \$500,000 to \$5M range. It was agreed that this ‘wicked problem’ was one that needed deep interrogation, and a search for solutions. As government continues to seek to leverage greater private sector capital, this problem will only become more acute.

3. Activating State and Territory Government

Whether it is via the City Deals program or the substantial state government-led infrastructure pipeline, smart cities success cannot be realised without active and sustained leadership from state and territory government. In its role as policy maker, funder, project activator and asset owner/manager, these functions could be playing a transformative role in helping bring scaleable smart cities projects to the market.

4. Smart cities as impact-driven investment

Delegates felt strongly that smart city solutions can be a highly effective ‘impact-driven’ investment opportunity, in that it has a substantial enabling role in helping build greater social equity, create innovation-focused jobs, support the decarbonisation of the economy and support enhanced productivity for the nation.

Above all, one of the most important outcomes from the forum was the strong interest for this stakeholder group to meet again, and continue to advance such an important discussion, and resolve to breakthrough on some of the major barriers identified.

Recommended actions

Six critical opportunities for action emerged from the roundtable dialogue during the final session of the day. There was consensus that these action areas required urgent investment of time and resources.

Action 1: Review of the Smart Cities and Suburbs program

After two years and nearly \$50M of public money invested, it was agreed from the outset that the Smart Cities and Suburbs program needed a thorough evaluation to determine future opportunities for scale and replication, demand aggregation and new business model design. Given the large geographic footprint and technical scope of this program, and that spending is still underway, this action was identified as a priority.

Action 2: Engage Infrastructure Australia

In its role as the independent statutory body helping prioritise and advance nationally significant infrastructure projects, delegates considered Infrastructure Australia (IA) to be a critical stakeholder that could potentially use its 'levers' to help aggregate, catalyse and/or fund smart infrastructure projects. Whether it be through its business case process, research capacity and/or advisory role, IA is an important contributor to this discussion on advancing smart infrastructure investment for the nation.

Action 3: Build stronger government/investor relationships

Convene further sessions such as this Investment Forum to catalyse dialogue between the investment community and cities. Using the outcomes of this forum to structure potential challenges, think tanks and other gatherings could be an effective way to building relationships and scoping mutually-reinforcing goals and actions.

Action 4: Activate greater State and Territory Government involvement

At a state/territory level, there is substantial scope for generating policy and programs that direct investment into smart cities and smart infrastructure, at scale. Embedding commitment for smart cities by this level of government early in project scoping, funding, delivery and in asset management programs, could yield greater investment opportunities.

Action 5: City Deals, City Deals, City Deals

The City Deals program presents a unique opportunity to enable smart cities action, scaling and the adoption of creative funding and financing models. A more detailed account of this potential is presented in SCCANZ's 2017 paper on [The Smart State](#).

Action 6: Leveraging existing infrastructure spending

With record infrastructure spending across much of the nation, forum delegates agreed that a real opportunity exists to embed a 'smart from the start' approach to infrastructure planning, and that existing assets and asset upgrades are 'sweated' in a smart way. This opportunity will only be realised if successful engagement with State and Territory government is achieved.

Unfinished business

Throughout the forum multiple issues, ideas and strategic questions were raised, but not necessarily addressed. These issues were considered important, and will be subject to ongoing discussion facilitated by SCCANZ.

There is no particular order of priority, or categorisation of the issues/questions listed below. And this list is not exhaustive. They are presented below to help stimulate further dialogue, and action:

- The private sector often sees government as being too slow, too small and too risky. Whether real or perceived, how do we start to correct this?
- It is clear we need new business models, that bring together capital and revenue, to ensure that smart cities investment is not just seen as a 'capital' issue.
- Government silos don't help with aggregating demand/funding, and therefore action. What role can data or other 'horizontal' issues/opportunities play in breaking the silos down?
- We need to better measure return on investment in smart cities solutions, period! Only when we start articulating the value, with a comprehensive cohort of use cases, will we stimulate more widespread action and investment.
- We need to build a willingness to come together, collaborate and scale. This will be hard, as it will involve diverse views, legacy mindsets and entrenched processes. However delegates viewed this as not insurmountable.
- Standardisation can play an important role in helping scale, yet there remains low uptake of smart cities standards in Australia. How do we change this?
- What is the role of data? Can urban data platforms be the 'technical glue' across government silos, and thus help monetise/value investment in a different way?
- Should data be classified as 'infrastructure' to enable the true value of infrastructure projects to be quantified?
- What are the key avenues for smart cities funding/financing, and when are they best applied. Could the key ones be:
 1. An individual city procures a solution on its own (BAU)
 2. Aggregate demand and scale, using joint funding or private sector financing
 3. Establishment of a smart cities fund/grant funding scheme/program
 4. Piggy-back off large infrastructure projects at scale, and the associated funding/financing that comes with that
- We need to survey the investor market, asking them what is blocking them from engaging with the demand side of the market.
- Are there model joint framework agreements, conditions and processes that cities can begin to work with, to help scope and design bankable and de-risked projects?
- What does an 'enabling' policy framework for smart cities investment look like?
- What does the concept of 'unlocking smart cities development/value' look like?

Where to from here?

As Australia's peak body for smart cities action, the outcomes from this forum will be used to inform a range of initiatives, including:

1. The work of the SCCANZ Policy and Leadership Taskforce, which will take a lead on reviewing and actioning the items listed within this outcomes paper.
2. Identifying and forming new partnerships with aligned organisations who can support this important agenda.
3. Advancing SCCANZ's ongoing work in relation to using the Australian Government's City Deals program as a vehicle for accelerating smart cities action and investment, procurement and regulatory reform.
4. The creation of informative resources, such as Guidance Notes, templates and tools, that can support the scoping of local government-led smart cities projects.
5. Taking key discussion points from this forum and amplifying the dialogue at Smart Cities Week Australia with a broader audience.



SCCANZ is continually identifying ways to improve its practices, and continually seeks feedback to help shape its actions. We invite anyone interested in smart cities investment to contact us to discuss opportunities to accelerate this agenda.

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