

SUBJECT: NATIONAL GEOGRAPHIC SMART CITIES OPPORTUNITY

REPORT BY: PLANNING AND REGULATORY
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PURPOSE

The purpose of this report is to outline an opportunity presented by National Geographic for Newcastle to be included in their Smart Cities of the World program.

RECOMMENDATION

- 1 That Council endorse participation in the National Geographic 'Smart Cities' program in August / September 2016 subject to:
 - i) Clarification of the full costs of engaging in the program.
 - ii) Exploration of opportunities for cost-sharing with partner organisations in the Newcastle Smart City Initiative.
 - iii) Confirmation that Council and any potential partners will retain oversight of city brand development and marketing content.
- 2 That a further report be presented to Council outlining the full costs in the quarterly review and how that may be accommodated within Council's approved budget.

KEY ISSUES

Opportunity

- 3 Newcastle City Council has been approached by National Geographic to participate in their Smart World Cities Program. This program will involve the global marketing of Newcastle as a smart city of the world. More detail on the proposal can be found in **Attachment 1**.
- 4 National Geographic have developed a framework for understanding smart cities that centres on the strength of their university-business-city interaction, the lifestyle opportunities on offer, their competitiveness for global talent in the growth industries of the 21st century, and the access they provide to technology, innovation support structures, and city amenity.
- 5 The proposal from National Geographic for participation in the program offers:
 - i) Inclusion of a feature article on Newcastle in a special edition of National Geographic Traveller Magazine in either August / September 2016, or April / May 2017.

- ii) Inclusion of editorial material and feature articles on Newcastle in a National Geographic.com smart cities hub.
 - iii) A co-branded, geo-targeted digital campaign in three international markets selected by Newcastle City Council.
 - iv) Opportunity to have a city delegate participate in the 'Smartest World Cities' forum to be hosted by National Geographic at the World Travel Market international event in London. This opportunity will incur additional costs above the participation fee.
 - v) A social media campaign aimed at directing traffic to the smart cities hub.
 - vi) 2,500 full colour reprints of the feature article provided to Council for distribution.
- 6 These program elements have the following market reach and audience statistics:
- National Geographic Traveller Magazine - audience of 9.31 million
National Geographic.com - 28 million visitors per month
National Geographic Social Media - 12.1 million subscribers across Instagram, Facebook and Twitter.
- 7 The program would associate Newcastle with an internationally regarded and trusted brand in National Geographic, and also with nine other international cities of significant profile including:
- Amsterdam (Netherlands)
 - Auckland (New Zealand)
 - Austin (Texas)
 - Bristol (UK)
 - Hamburg (Germany)
 - Liverpool (UK)
 - Maastricht (Netherlands)
 - Munich (Germany)
 - Vienna (Austria)
- 8 Newcastle is notably the only Australian city in the proposed program, with attendant benefits for showcasing Newcastle on a global stage. The city of Adelaide has participated in a pilot version of the program. It is noted that Adelaide's financial contribution exceeded \$1million however that was for a vastly different TV based media promotion campaign. A revised print and web-based model is on offer to Newcastle. Participation in the program would also enable engagement with these cities with additional opportunities for Newcastle in terms of profile and strategic development.

Alignment

- 9 Council has recently taken significant steps towards integration of a strategic agenda around establishing and promoting Newcastle as a smart and

innovative city. This agenda supports the core strategic theme 'Smart and Innovative City' from the Community Strategic Plan *Newcastle 2030*. These actions include:

- i) The funding of an international delegation to the US to explore smart city opportunities and build research and corporate relationships in October 2014.
 - ii) Establishment of the Newcastle Smart City Initiative including its endorsement by Council in April 2015, and allocation of project funding.
 - iii) The creation in July 2015 of a Smart City Coordinator role within Strategic Planning to oversee planning and implementation of the Initiative, and
 - iv) The integration of the Smart City Initiative within City Revitalisation in February 2016, alongside economic development and destination marketing functions.
- 10 The Newcastle Smart City Initiative is primarily concerned with guiding the transition of Newcastle in ways that maximise opportunities presented through integrated technology and data, and smart ecosystem economic development activities in sectors including technology, advanced manufacturing and digital economy. The overarching aim relates to improving the liveability, sustainability and economic diversity of the City. Achievement of this aim is a complex task that requires city-wide partnerships and collaborative planning.
- 11 Through the Newcastle Smart City Initiative, Council has taken a leading role in a consortium of city stakeholders working collectively to advance Newcastle as a smart and innovative city. This consortium has been developing a collaborative bid for the Hunter Infrastructure Investment Fund (HIIF) to establish the innovation infrastructure foundations for Newcastle to be competitive in both existing and emerging markets in the 21st century.

Assessment

- 12 Whilst 'smart city' status is the logic of selection in the program, the primary value presented by participation in the National Geographic Smart World Cities Program is city marketing and brand development.
- 13 National Geographic has undeniable market reach with an estimated audience from the outlined program strategies through the channels identified at Paragraph 6.
- 14 Council currently undertakes destination marketing activities to promote and profile Newcastle as a place to visit. Participation in the National Geographic program is destination marketing to tourism markets and also to business, education and investment markets.
- 15 The revitalisation of Newcastle and its transition to a smart city represent significant components of the narrative mix underpinning the brand development of Newcastle. Destination marketing activities supporting this city

image and raising international profile should be considered as economic development.

- 16 A core part of the Newcastle Smart City Initiative is to establish the infrastructure foundations and ecosystem supports that establish Newcastle as a viable and attractive place for creative entrepreneurs and businesses to establish and thrive. When added to Newcastle's established natural and lifestyle advantages these aspects position the city positively in global competition for talent and investment.
- 17 There is alignment between the existing ambitions of the City as expressed through the collaborative *Hunter Innovation Project*, and the opportunity presented by National Geographic to leverage their international reach and prestige.

FINANCIAL IMPACT

- 18 Participation in the National Geographic Smart Cities Program has significant costs attached.
- 19 It is an emerging opportunity not identified in the existing operational plan. The program has not been identified in the current budgeting planning process for the 2016/17 financial year operational plan.
- 20 The investment required of Council to participate in the program is USD\$120,000. At current exchange rates (.71c) this direct investment equals \$169,000.
- 21 Council investment in a program at this cost may potentially be captured within Office of Local Government Guidelines governing expenditure during the proposed merger period. These guidelines state the Councils should only incur expenditure in accordance with the detailed budget adopted in the Operational Plan for the year. The guidelines also state that Councils the subject of a merger proposal should not impose a significant and / or ongoing financial commitment on a new Council.
- 22 National Geographic has structured payment of the required funds across two financial years with installments in April 2016 and August 2016. Half the costs will therefore be included in operational budget for financial year 2016/17, which may be after a new merged Council has been proclaimed.
- 23 Participation in the program entails invitation to the World Travel Market where National Geographic will host a forum on World's Smartest Cities. This event is held in London in November 2016. While forum attendance for one delegate will be funded by National Geographic, there are registration costs for any additional delegates. All travel, accommodation and ancillary expenses would be met by Council. To take full advantage of these opportunities multiple Council delegates would likely need to be involved.
- 24 Participation in the program carries further unknown financial costs in the following areas:

- i) Operational expenses in staff time and resources related to development of content, and facilitation of city partner network access.
 - ii) Additional expenses related to leveraging the opportunity in order to obtain maximum benefits. For example, promoting the City of Newcastle through a stand at the World Travel Market to consolidate the value of attending the London Forum would be at an additional expense to Council. Experience at other trade and travel shows indicates that obtaining and operating a stand can cost upwards of \$10,000.
 - iii) Opportunity cost related to re-allocation of resources towards this program at the expense of other Council activities.
- 25 National Geographic is supportive of a cost sharing model in which key city stakeholders may participate in the project.
- 26 The *Hunter Innovation Project* has established close strategic partnerships with a wide range of key city stakeholders with prominent interests in developing and promoting Newcastle as a smart city and as a viable and attractive place to live, invest and do business.
- 27 Among these partners are several with a potential interest and capacity to support city marketing activities that enhance opportunities for promoting Newcastle as a smart city. Endorsement of the report as per the recommendation would instigate exploration of opportunities for cost sharing expenses.
- 28 Ascertaining the full costs of participating in the program, and the likelihood of city partners for cost-sharing is therefore considered critical to final assessment of the return on investment to Council. An accurate assessment of the full participation costs is also necessary to ensure that the total expected financial commitment is accurately reflected in the 2016/17 Operational Plan (which may be with respect to a new merged Council).

COMMUNITY STRATEGIC PLAN ALIGNMENT

- 29 Participation in the National Geographic Smart Cities Program represents an opportunity to bolster and leverage Council activity and that of project partners currently underway and aimed at transitioning the city towards a smart and innovative future.
- 30 As such, it aligns with the following strategic objectives of the Community Strategic Plan *Newcastle 2030*:
- 6.1: A vibrant diverse and resilient green economy built on educational excellence and research
 - 6.2: A culture that supports and encourages innovation and creativity at all levels

6.3: A thriving city that attracts people to live, work, invest and visit.

IMPLEMENTATION PLAN/IMPLICATIONS

31 There are unknown workload implications for Council staff of participating in the project. At minimum it is envisaged that operational tasks including content development, network facilitation, and city marketing strategic development are implied. These activities would impact upon staff in:

- i) City Revitalisation Team
- ii) Communications Team

32 A cost sharing model would alleviate part of the financial burden, but also introduce a layer of stakeholder management into the project to ensure collaborative input to content and direction, and to maintain consistent strategic alignment with partner priorities.

RISK ASSESSMENT AND MITIGATION

33 Risks associated with the proposal fall into three broad categories:

- i) Not participating in the program represents a potential lost opportunity to leverage association with an internationally recognised brand with a global reputation.
- ii) There is a potential reputational risk in not having adequate oversight or control of editorial material. Mitigation of this risk can occur through contractual arrangements confirming Council sign off of all campaign material, and integration of the National Geographic partnership into Council's destination marketing strategy and program.
- iii) Participating in the program but failing to maximise the opportunity represents another risk. The investment required by National Geographic will not of itself be sufficient to capture all advantage. As such additional expense will be incurred.

RELATED PREVIOUS DECISIONS

34 Related decisions linked to the wider Newcastle Smart City Initiative include endorsement at Council Meeting 28 April 2015.

35 At the Council Meeting on 8 December 2015 a Lord Mayoral Minute requested investigation of the opportunity including arrangement of a presentation to the Council by National Geographic to outline the program.

CONSULTATION

36 The National Geographic Smart Cities Opportunity was the subject of a Councillor Workshop on 16 February 2016. It has been discussed with Council's core partners in the *Hunter Innovation Project* at a steering group meeting.

OPTIONS

Option 1

37 The recommendation as at Paragraph 1. This is the recommended option.

Option 2

38 Council not support participation in the program. This is not the recommended option.

BACKGROUND

39 A meeting occurred between Newcastle Council, Newcastle NOW and National Geographic on 18 July 2015 at which the opportunity was initially outlined.

REFERENCES

ATTACHMENTS

Attachment A: National Geographic Smarty City Prospectus

