How can you build a strong city pulse, without taking the human pulse?

July 2016
Cities are powerful and complex ecosystems, the hubs of Australia’s economic and social activity. More than 80% of Australia’s population live in cities. In the coming years, as our population grows, our cities must overcome numerous challenges to accommodate their millions of expected new residents.

According to the Australian Government’s recently launched Smart City Plan, we need to rethink the way our cities are planned, built and managed today. At EY, we agree. One of the fundamental issues we need to rethink is the way decision and policy makers engage with citizens.

Why? Because citizens are the heart of smart and resilient cities.

Cities are more than a combination of buildings and infrastructure assets. They are places where people live and work – where they connect to and engage with each other. Cities are living organisms whose success is ultimately measured, not only by the GDP they produce, but also by the well-being of their residents who live there. If we want our cities to be competitive, we need the people who live in them to be happy and productive.

This is why, at EY, we are advocating the importance of engaging people to take care that city development really does meet citizens’ needs – today and in the future.

In our digitally connected world, we have new opportunities to find out about the needs, priorities and preferences of all citizens.

Our research shows that citizens have strong emotional connections with their cities. They are proud of the city they live in and passionate about taking care that its growth goes hand-in-hand with egality and inclusion.

City decision makers (by which we mean its leaders, policy makers, planners and developers) talk of the economic benefits of specific initiatives. But their efforts to achieve economic prosperity cannot be at the expense of liveability, social inclusion and sustainability. We believe decision makers need a new way of engaging with citizens.

At EY, we believe that economic benefits will follow if a city feels proud of its clearly defined purpose and values, happy with their quality of life and connected – to other people, experiences, culture and the environment. This report draws on our research to reveal what Australia’s citizens want in their cities, what they expect of city leaders and their strong appetite to be involved in shaping their cities. It also examines some better questions that decision makers should be asking themselves to put citizens at the heart of our cities.

We hope this report acts as a catalyst for a productive and challenging dialogue.

Lucille Halloran
EY Oceania Government and Public Sector Leader
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Australia’s cities currently account for 80% of our economic activity. They house the majority of Australia’s jobs and much of the nation’s key economic infrastructure. By 2031, cities contribution to the national economy is projected to almost double to $1.6 trillion.

Australia’s cities face a number of growing pressures, including housing affordability, urban sprawl and rising congestion. Leaders must find a way to deal with these issues, while accommodating a growing population. Infrastructure Australia expects 5.8 million people to move into our four largest cities, Melbourne, Sydney, Perth and Brisbane, by 2031.

Smart cities are only part of the answer

Governments and industry are responding to these challenges with a wave of new initiatives to build smarter and more resilient cities. At EY, we agree that being smart can result in a resilient and prosperous city, whether being embedded in new approaches or in activating existing infrastructure and services. For example, smart technologies, such as data analytics and cybersecurity, underpin a city’s infrastructure and services, including transport and utilities, which serve its social and economic goals.

But smart is just a means to an end. Cities cannot grow and thrive without people. So the overarching objective of any smart intervention should be to increase the well-being of residents and to sustain that change. For example, many cities are analysing multiple data sources, including information from traffic cameras and sensors in roads and vehicles, to reduce congestion, improving citizens’ quality of life by shortening commute times and lowering pollution levels.

If quality of life is our objective, future cities must have citizens’ needs front and centre during all planning, development and
operational activities. Because a truly smart city also allows citizens to forge meaningful connections inward and outward – with each other and with the city’s experiences, culture, environment and opportunity.

This means that, as a matter of urgency, city decision makers must seek to understand what connects people emotionally to a city. What makes them happy. What defines the city they love. By engaging with citizens, decision makers can gain access to new, rich and diverse thinking – that will help them grow a city while retaining the essence of what makes it great.

This is not to suggest that citizens should make every decision. Cities are home to many different people who hold diverse views and values – and who will not always agree. By engaging with citizens – by understanding their preferences and behaviours – decision makers can listen and respond to local interests without compromising the broader, strategic, long-term vision for our cities.

“Cities have to compete for talent. This is not just about GDP. GDP might be the result, but it's generated by efficient cities where people want to live and make their careers.”

Darrin Grimsey,
EY Oceania Government and Public Sector Transactions Leader
Why citizens are fundamental to city decisions

- **Whole of life perspective** – Citizens take a whole-of-life view of their priorities and expectations. They consider a city through a kaleidoscope of needs and desires: the necessity to work, the desire for leisure, the demands of everyday living, their future aspirations.

- **Emotional engagement** – Citizens care about their cities and the outcomes of decision making. As much as they embrace progress, it is not with blind faith. They do not want their quality of life diminished or compromised. They care about city decisions and want to ensure that their city will retain its values and qualities as it evolves. When citizens are highly engaged – they will advocate for their cities, reinforcing positive sentiment and inspiring others.

- **Digitally connected** – Informed by open data and analytics, city challenges become a matter of public domain, with connected citizens who are able to make their preferences known, share real-time information and bring their ideas to the table. This opens up new opportunities for innovative solutions based on people’s needs and priorities.
What citizens want in their cities

New Australian research by EY Sweeney has found that more than three-quarters of citizens surveyed are proud of the city they live in. The study found that citizens are inspired by the built environment and a city’s atmosphere – and its status. They value the stimulation of an active and evolving city.

Citizens who are most positive about their city have a strong emotional connection to it. They don’t just speak of the physical environment, but rather the qualities that make them feel part of the city. They have a pronounced sense of belonging to their community and the city at large.

But they also talk about their mounting frustrations with issues such as housing affordability and public transport. They fear that some new developments aren’t adding the infrastructure needed to keep their cities liveable. If these problems are not addressed, the strength of citizen loyalty and pride, which currently give city leaders a cache of goodwill, will be undermined.

About the research

- A series of 10 group discussions amongst citizens of different life stages including: youth, younger and older families and empty nesters/retirees.
- An online survey of 2,286 citizens in Sydney and Melbourne.

The study was conducted during the period January – March 2016.
Six qualities that draw citizens to a city and keep them there

Our research identified six qualities that establish a sense of belonging, community and genuine connection with a city:

1. **Affordability**: The lifestyle a city offers citizens as they weigh up actual costs and the broader opportunity presented.
2. **Agility**: Seamless integration of services, systems and information so citizens can fully and spontaneously participate in the city experience without wasting time.
3. **Amenity**: Access to essential services, healthy environments and social activity to support whole of life well-being, community growth and learning.
4. **Safety**: To support citizens’ desire to be active in their communities at any time of the day.
5. **Spaces**: A rich array of purposeful spaces that reflect different moods and occasions to demonstrate the abundance of the city experience.
6. **Opportunity**: The economic, social and cultural opportunities that allow citizens to live the life they want.
“This research is a timely reminder of something that ought to be obvious, but often gets lost in the techno-speak and jargon of urban planning. Cities are nothing without people and it is the people that make a city successful or not.”

Tony Canavan,
EY Global Transport Leader

City personalities shine through

A city’s ‘personality’ expresses its most aspirational and differentiating qualities. The research reveals citizens are proud of their cities – and have consistent views about city personalities. When it comes to city pride, people from Melbourne tend to describe their city as ‘cultural’ and ‘fashionable’. In contrast people from Sydney see their city as ‘beautiful’ and ‘famous’. 
Citizens express considerable frustration and fear about the current and future affordability of their cities and, in particular, the affordability of housing. But they also understand the value of being able to participate in the city experience and its power to help them create the life they want.

**Housing**

Younger generations are starting to question if they will ever own a home, especially one where they want to live. Older generations share this concern, as well as the broader implications for their family if members are forced to live further apart.

Although citizens accept the need for different home ownership options, the ultimate desire for home ownership remains strong. To be unable to afford a home, is deemed an unacceptable compromise to the Australian lifestyle and an indicator that Australian cities have lost their way.

Despite the desire for affordability, citizens take issue with housing that does not consider the broader community context. Ill-conceived development that erodes community experience is not seen as a long-term solution.

“If you don’t build enough housing and you don’t build enough offices, offices and housing become very expensive. This is one of these factors that’s just very, very hard to get around. I cannot tell you how much I argue with British politicians who think that there is something we can do on the demand side of the market without addressing the supply side. The problem is that no one in this room wants that policy either, not when it comes to their own neighbourhood or their own small place where they’re living. So, I don’t know how we get around this.”

Henry Overman,
Professor of Economic Geography,
London School of Economics
Cost of living

More than half of respondents say they are frustrated by the high cost of living, a figure that rises to 64% in Sydney. Only 29% believe that everyday costs of living are reasonable. People are particularly concerned about the high cost of transport, especially parking (45%) and public transport (34%). As cities expand and people seek affordable housing further out, the cost and provision of transport is becoming a larger part of family budgets.

The affordability balance

Not only is the cost of housing a real pain point for citizens, it can also restrict their ability to enjoy other aspects of city living. To help balance financial affordability pressure, citizens look to other benefits that the city may offer, such as events, access to different environments, social connections and employment opportunities.

“I infrastructure isn’t keeping up with population growth. It’s always going to expand, but the further out you push from the CBD, the more isolated communities get, so you can’t be culturally integrated with everyone else”.

(Young adult, Inner Melbourne)
Citizens want agile cities where they can go about their lives with ease and efficiency, maintain social connections, access services and readily explore the city. This means services, systems and information must work seamlessly and to the benefit of citizens. Clunky systems, poor information channels and unnecessary delays are seen as a barrier to quality of life. Digital engagement is no longer best practice, but a base expectation of any city institution and service.

**Mobility**

Without sufficient access and mobility, citizens can feel trapped and their engagement with the city suffers.

Two-thirds of citizens are frustrated by traffic congestion. Urban congestion is estimated to cost over $16.5 billion every year, and forecast to reach between $27.7 and $37.7 billion by 2030⁴.

Quality transport options go a long way to creating an effective working city. The extent of their provision colours many citizens’ view of the city. Citizens want a comprehensive network of connected (public and private) transport options, irrespective of location. They want a system that works cohesively and seamlessly and closes the loop between home and journey start/end points as well as between modes. Predictability and real-time knowledge is all important.

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“There are constant upgrades and roadworks, like the level crossing. It can be frustrating but it is (working towards) constant improvements.”

(Young family, Outer Melbourne)

Social agility

Citizens expect government and businesses to provide real-time information to inform them of what is on, where it’s on and how to get there. The digitisation of life means that dated or static information is no longer considered true delivery. Social agility is about reaching an informed public on the move. People want to be able to both plan their days and respond spontaneously to what the city has on offer.

Clever use of technology to facilitate agility is tangible evidence of a city keeping pace with citizens’ needs.

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<th>public transport is poor or very poor in my city</th>
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“On Facebook people post photos, did you know this and that? It’s creating awareness of what’s on in Melbourne, it comes up on Facebook and increases public awareness of what the city has got.”

(Young family, Outer Melbourne)
Citizens embrace a broader view of what creates a healthy and functioning society. The amenity of core services such as health and education are considered essential, as is access to services for people facing barriers to social and economic participation. Well-being also derives from healthy environments and activities that encourage learning, social inclusion and community tolerance. Citizens want to live in environments that bring out the best in people and communities.

**Core services**

Australian citizens expect their cities to provide core social services, such as health and education, close to where they live. Although they recognise that people may choose to travel for private health and private education, they also believe that public services should benefit all citizens – including the disadvantaged – no matter where they live.

Citizens are also keen for creative integration of services, to minimise the isolation of the elderly and explore opportunities to help foster understanding between the generations. The idea of inclusiveness extends to all members of the community.

“I work in disability and my children mix with my clients, but it’s still odd for them to see someone with autism. Exposure to people who are different is important to achieving acceptance and understanding.”

(Young family, Outer Melbourne)

**Community well-being**

Well maintained and accessible parks, gardens, beaches and public space also speak strongly to amenity for citizens. People want gym equipment, play areas and sports facilities to forge community spirit and support healthy behaviours. They also increasingly expect built and natural pet-friendly environments. Clean and well-appointed spaces encourage involvement and are seen to inspire better social behaviours.

“Some little developments actually put in a little community park in between those areas, with a little clubhouse and community swimming pool. A village feel, that’s great. But it’s very rare.”

(Older family, Outer Sydney)
Leisure and pleasure

Citizens take real pride in the range of cultural and sporting offerings in their cities. People appreciate that events are happening and want to know about them even if they rarely attend. For many, these events are an integral part of their city’s image and energy.

“When other people come here, you take them to a sporting event; that’s what you do! You’re proud to be a Melbournian.”

(Young adult, Inner Melbourne)

Cultural diversity

Citizens are also proud of their multicultural cities. They revel in the opportunity to gain an authentic and rich experience of different cultures via precincts, food and events. However, citizens also recognise that it can take time for cities to integrate new communities and that support is required. They expect cities to support the responsible integration of communities into the broader population.

“It’s vibrancy, it’s open and welcoming to all people. I try new things and explore new cultures.”

(Young family, Outer Melbourne)

“84% believe that their city embraces a mix of cultures

“You can have a taste of everything, the options. There are enclaves of different nationalities. E.g. Coburg with Middle Eastern. You don’t feel as though you can’t go there though, it’s not closed off. It’s generally inclusive.”

(Older family, Inner Melbourne)
People expect their cities to provide the freedom to go about their everyday activities without concern or compromise. Safety is largely defined by their everyday experiences and encounters rather than the larger political or environmental context. Although conscious of global threats, it is the local experiences of interactions with others, the sense of walking unafraid in local areas, at transport hubs and in parks that people most readily attribute to feeling safe. People’s expectations of safety are expanding. They want a safe, 24-hour city experience.

City safety

Being able to enjoy the city and travel throughout without fear is highly prized. Safety is not a luxury, nor is it taken for granted. Safety drives interaction with services, spaces and the city at large. A sense of safety is influenced by a range of factors: from police presence, well-lit and clean environments through to the responses of others and atmosphere and mood of the populace.

People believe that the city, both centrally and locally, has an obligation to create safe environments. Increases in CCTV coverage and a visible police presence on the streets and transport networks are generally viewed as positive developments; although, people do not want to live in a ‘police state’.

“You feel safer in a clean place. If you’ve got graffiti everywhere, it’s dirty, you don’t feel quite comfortable.”
(Older family, Inner Melbourne)
City resilience

People understand that cities need to be able to withstand trauma: economically, environmentally and politically. They particularly recognise natural disasters as a potential threat to Australian cities. Global warming is likely to result in more extreme weather events such as heatwaves and flooding. Mitigating against these and building response systems and procedures will be an important part of cities’ resilience.

As well as taking care of individual citizens, city leaders are regarded as being responsible for the safety of the whole of the city in the event of an emergency.

Australian citizens take a degree of comfort in recent incidences where communities have ‘pulled together’ in difficult circumstances. Four in ten respondents believe that people look out for each other in their city. This is an important metric for decision makers to monitor. A strong community helps to build the foundation for resilience in the mind of the citizen.

Safe communities

Citizens have a strong desire to be safe at home, and close to home, in their communities. The shared number one priority in Melbourne and Sydney is dealing with social issues of alcohol, drugs and homelessness. Although not directly about safety, this desire relates to wanting to improve communities by helping people.

“When you think about natural disasters, having all the congestion, I’d hate to think about evacuating. Everyone trying to get through the tunnel and bridge. No one would be able to get anywhere. You could be gridlocked for hours.”

(SINKS/DINKS, Inner Sydney)
Having ready access to a range of spaces – natural, built, multi-purpose, creative and sustainable – demonstrates the abundance of experience a city can provide. Citizens know that space has the power to change a mood, shift behaviours, inspire and reinvigorate community. People love open spaces, but are equally inspired by clever design that showcases human ingenuity. They revel in creative spaces that encourage interaction and reflect the community context.

**Natural spaces**

Citizens value clean, green and attractive spaces that inspire people and provide environments for enjoyment and well-being. Beaches, parks and gardens are integral to the value that people place on their cities. Easy access to beaches, bush and parklands are also important factors in housing location decisions.

Managed spaces, such as sports fields and golf courses, are also valued, and people expect the city to play a role in their provision and maintenance. Citizens genuinely appreciate efforts to provide walking trails, maps or interactive apps.

**Built spaces, urban beauty and diversity**

Citizens take great pride in a beautiful built environment: iconic buildings, innovative or quirky developments, or atmospheric heritage areas. People appreciate the character and diversity of local shopping strips and markets. At the same time, they value the convenience and range provided by city centre or shopping mall developments. Caring for the built environment is also important. Litter and pollution are important indicators of how much care is invested in the city and can influence feelings of safety.

Citizens expect cities to provide buildings and spaces that help communities come together, from pubs or sporting clubs to places of worship. Successful neighbourhoods are likely to have a number of these different hubs where people can gather socially. Citizens do not welcome development without such hubs.

**Multi-purpose and creative spaces**

Providing flexible space for community events and personal gatherings – such as barbeque areas set aside in community parks – is highly rated. Clever use and re-use of spaces strikes a chord with citizens. They appreciate both the practical benefits of efficient utilisation as much as the social benefit when spaces create a place for all.

**Sustainable development**

Citizens, especially younger people, embrace urban forests as well as clever and responsibly sustainable design. There is appetite for Australian cities to be bold in embracing technology. Citizens want developments with sustainability front and centre integrated into future city spaces.

“What class beaches. Going out for a paddle and looking out ... it’s refreshing ... and environmental diversity. Coast, mountains, forest, snow if you travel.”

*(SINKS/DINKS, Inner Sydney)*
Economic opportunity — the prospect for employment and basic financial security — is a core expectation, creating confidence and certainty. But citizens also value social and cultural opportunities. A city that provides employment but denies a chance to enjoy life with their family is too great a compromise. A city that is affordable but dull and boring diminishes quality of life. Cities need to strike the right balance.

(WITHOUT ACTIVITIES) “life is boring, other cities around the world may not offer opportunities to this degree. Think of some cities, you sit on the train and do your job, come home and sit with your family.”

(EMPTY NESTERS, OUTER MELBOURNE)

**Economic diversity**

Economic prosperity goes a long way to building citizen confidence. A city has to have a vibrant economy to support the needs of the people and build optimism. This means diversity in the business community, with a mix of sectors and size from major corporates to micro business. It also requires diverse education and employment opportunities across the city – not just clustered in the centre – to avoid isolating those whose circumstances such as caring duties or age keep them close to home. Otherwise, workforce participation will be lower towards the outer edges of the city.

**Positive disruption**

New employment models and means of gaining supplementary income have given citizens a glimpse of how cities may evolve. Citizens want their cities to support innovative solutions and start-ups. They want their cities to keep abreast of progress so everyone can reap the benefits.

57% rate current employment opportunities as good or very good

48% agree their city is embracing the latest ways of accessing products and services
What citizens expect of city decision makers

Citizens care about how their city evolves. They are concerned that, as the city grows and adapts to changing demands, it may lose the qualities they hold dear. They want city leaders who understand that and make decisions to uphold city values and qualities – and they want to be part of the decision-making process.

Bold vision

Despite loving their cities, our research shows that some citizens lack faith in current city leadership. People want leaders with the capacity to make future-focused, bold decisions. Leaders who will inspire and drive progress, who are accountable for investment decisions – and whose actions are not dictated by the short-term political agenda.

If decision makers engage with citizens and deliver across the six qualities, cities will evolve and grow in a way that nurtures and supports the well-being of people who live in them. These cities will attract talent and investment that will drive innovation and economic prosperity. In turn, prosperous cities will be better able to look after their citizens, making them even more attractive — a virtuous circle.

Citizens can support change, while being passionate about preserving what is best about their city now. They will support large-expenditure projects and are more likely to be tolerant of change and disruption, if they understand the benefits.

However, people are equally conscious of the competing demands on funds. They have a low tolerance for wasted funds through ill-conceived or badly managed projects.
Citizen collaboration

Increasingly, citizens want to engage directly in community decision making.

Citizens want to be part of the solution. But, they need a forum and the offer has to be presented as sincere. Small, practical measures, such as creating forums at times people can attend or providing online participation options, demonstrate that decision makers are genuinely interested in people’s opinions.

29% Leaders can be trusted to make sound financial decisions

40% City leadership is well considered and in good hands

36% Major infrastructure projects are well managed

76% I’m interested in keeping up to date and having an opinion on how my city evolves

31% City leaders are prepared to listen to their citizens
What citizens need to engage with decision makers

Citizen-focused cities allow people to express their needs and priorities, contribute their ideas and shape their experience of their cities directly.

The alternative is governments and other organisations choosing on their behalf, essentially second guessing the needs of the people. Governments are almost always well-meaning and make real efforts to understand people's needs, but why try to second guess what people want? It's better to develop structures and mechanisms by which people can express their preferences.

This will be achieved by creating markets so citizen voices can be heard through their behavioural decisions.

Access and ability to engage digitally with decision makers

Just as consumers are willing to share their preferences for books and music with online shops, citizens want to share their preferences for city services with policy makers, planners, developers and providers.

Traditionally, citizen participation methods were time consuming, costly and only appealed to a narrow demographic of the community. The people decision makers wanted to engage in discussing the city's future are not necessarily available for the 6pm town hall meeting. But now, huge numbers of people can make their preferences known at any given moment via mobile apps and online interactive tools. And these people are already expressing their opinions, unasked, via social media.

This ability for thousands of people to make their preferences known at any given moment – whether expressing demand for a particular service or offering an opinion on a vital issue – could be revolutionary. Like many businesses, city decision makers should consider themselves disrupted and embrace this change as an opportunity for a radical rethink of how they can put the people at the centre of what they do.

For example, people are increasingly thinking about their energy use in the same way they think about other daily transactions. With the advent of data-rich personal devices and mass proliferation of digitised data and applications, consumers
Interactive ideas map

Increasingly, interactive tools will allow citizens to access, collaborate and provide ideas, vote, share and comment on ideas destined to shape cities.

For example, the City of Melbourne used an interactive, visual and intuitive map-based tool to develop its Draft Bicycle Plan 2016-2020. More than 7,000 combined submissions were made on the map to identify the top infrastructure priorities requiring improvement.5

The City of Perth used similar technology to enable citizens to share their ideas and concerns across all modes of transport during development of an Integrated Transport Strategy.6

“Great cities don’t happen by chance. They are a combination of structured planning processes married to giving people the freedom to express themselves and to innovate at work, at home and at play.”

Oliver Jones,
EY Policy, Economic and Regulation Leader

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Transport for New South Wales – Rail Service Delivery Office

In NSW, Opal electronic ticketing has made a myriad of new data available to transport operators. As a result, Transport for NSW has visibility of rich operational and customer data, including train running times, delays and loadings; how customers use the network; and customer demographics.

Already, transport operators are using this data to understand the actual customer journeys, their frequency of travel, point of origin and destination and how they travel during on peak, off-peak and weekends. Transport for NSW has now developed detailed customer journeys that enable different customer demand scenarios to be modelled, providing evidence for likely customer benefits and impacts for different timetable options.

Rather than relying on anecdotal evidence, operators can now quantify the impact of any changes based on real data, enabling them to:

- Improve amenity by creating new access gateways
- Increase capacity for future passenger demand and network growth
- Improve pedestrian flow, making it easier for customers to move in and around public transport spaces
- Make it easier and safer to board and alight from public transport, improving punctuality of services
- Improve connectivity between station hubs
- Reduce fare evasion

As potential service providers learn to tap into the mobility preferences of thousands of people expressed in real time, new mobility services will emerge to meet that demand. Many things could change as a result – bus routes, peak periods, parking spaces, vehicle occupancy rates and, at a more aggregated level, modal sharing between public and private forms of transport.

Transport strategists and city planners should embrace these changes. They are consumer-led, reflecting the desires and preferences of the people that matter. They could lead to more bespoke mobility solutions that sweep across different modes to create genuine end-to-end journey options; far more integration; and far more customised first and last mile offerings that lift mobility to a different level.

This will also have significant implications for transport planning. Just like service providers, planners should tap into these clearly expressed preferences to gain a far richer and accurate picture of demand. At the same time, transport agencies should ‘let a thousand flowers bloom’ by releasing the regulatory handbrake and allowing new mobility services to flourish.
The ability to have citizen voices heard in key funding decisions

The public’s willingness and ability to pay for infrastructure are the keys to shaping the future of urban projects. When we can tap into citizens’ preferences, we can acquire better data on their willingness to pay for different services or projects. For universally popular issues, this process is relatively simple. For example, if a city doesn’t have a good public lighting system, then many citizens may be willing to pay for one because the dark streets make people feel unsafe. Knowing this gives decision makers proof that decisions are being made in the public interest.

However, the vast majority of these decisions are about extremely complex trade-offs. Do we build new parks in outer suburban areas or invest in creative spaces in inner suburban areas? Young families may vote for more green spaces in the suburbs; young professionals living closer in may prefer creative spaces that add to the heart of the city. Citizen consultation will provide insight into where these trade-offs are – and where the weight of public opinion lies – but the funding decision will still have to be resolved at the leadership level.

Funding options for resilient cities

One of the major challenges to resilience projects is forward funding. Sydney’s Chief Resilience Officer, Beck Dawson, says “We are still learning how to create funding mechanisms for a broader range of opportunities in our cities.”

“The really fantastic programs happening at the community level are not yet structured in a way that allows large funds to regularly collaborate with communities on resilience programs.” she says.

Melbourne’s Chief Resilience Officer, Toby Kent, notes that while there are still restrictions around “betterment” in insurance provision the Victorian Managed Insurance Authority, which provides insurance services for the Victorian government, has found ways to enhance assets after events – spending extra funds to rebuild something better than previously on the basis that it will be less risky in the future. Similar approaches could be applied to asset protection using derivatives-type models that attract finance in anticipation of future outcomes.

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In doing so, governments need to be aware that people’s willingness to pay tends to be expressed through their behaviour, rather than what they say. Also, when citizens consider where money is best invested they consider a whole-of-life perspective. They don’t separate out the value of one change against another.

Working out willingness to pay is critical because, ultimately, there is no one else but the citizen to get the money from, whether it is in taxes, user charges or some other mechanism. To date, the cost of almost all city projects has been borne by all taxpayers, proportionate to the amount of tax they pay but irrespective of how much benefit they actually receive from the project.

Part of the solution will be value capture mechanisms, which overcome this issue by taking into account the increased value or economic activity that occurs as a direct result of infrastructure investment; for example, the increase in land values adjacent to a new rail line. Value capture mechanisms enable funding contributions to be collected from the beneficiaries and used to repay project financing.

Value capture will only work if the politicians embrace the concept and effectively sell it to the citizens. But there’s evidence to suggest that it can work. If the benefit is clear and can be valued by the citizen then, generally, we see a willingness to pay. It may be that we will end up with the US practice of allowing citizens to vote on infrastructure investment that includes funding plans.

The most effective investment and creative planning will also be underpinned by behavioural solutions, such as pricing mechanisms to reduce vehicle usage. And we need to explore more options to empower service recipients with funding choices.

If we can help citizens to easily make informed choices, they can become part of the funding decision process. Imagine a city that is constantly being shaped and re-shaped by customers efficiently interacting with public service providers – making their decisions based on personal value.
Better questions for decision makers

We believe that all city stakeholders — government, business, citizens, NGOs — must collaborate in new ways to make sure our future cities meet people’s needs. Here are three better questions for decision makers to consider as they begin unravelling what these new ways could be.

1. What do you want your city to be?
   If a city can define itself and its purpose — and this vision is well articulated by the leadership beyond the usual rhetoric — this brings something out in the people. Decision makers need to understand how citizens see their city — and how the six qualities work together to create its personality. This can become a deep anchor point for engagement, expressing what is most aspirational and differentiating — how a city can make people feel. The interplay and connections between the cities’ qualities and the people that fuel the personality. City decision makers can then build the right balance of qualities into their plans.

2. What will you do differently to engage people?
   To do that, decision makers must engage differently with citizens. What we heard from the people is about ‘connection’. People want to be connected to other people, to experiences, to culture, the opportunities and to the people who make decisions about their city. The smartest cities in the future will understand and facilitate this broad sense of connection as it builds momentum.

3. How do we radically improve the way citizens are part of the governance process?
   Cities are complex systems of multiple moving parts. Cities need a governance structure that puts people at the heart of managing this complexity, embracing disruption and taking in how these systems interact. Cities also need a governance structure that will allow the strengths of different parties to come to the fore. One that enables collaboration and cooperation – that cuts through politics and vested interests.

So, this is more than having the most digitally connected cities. That in itself is not unique. It’s about using those connections to engage citizens in shaping the cities they inhabit:

- **Actively** – using targeted research and engagement activities, open data and analytics to canvass citizens’ opinions and ideas
- **Passively** – tracking people’s movements and behaviours (with permission), to make city infrastructure relevant and responsive
- **Interactivity** – allowing citizens to indicate their willingness to pay
interests, whether it be around investment decisions or responding to city shocks and stresses.

Citizens must become more involved in governance and participate in markets so decision makers don’t have to second guess what people want.

Decision makers also need to think of their cities as interconnected eco-systems. Decisions made in one place will affect outcomes in other areas. Transport is not only about moving people around, but also about access to healthcare and about urban renewal. Education is not only about teaching, but also about community services and childcare. We need a simpler overlay to plan cities beyond sector thinking, so leaders across jurisdictions consider the interdependencies and whole-of-city consequences of each major decision.

Australia’s cities also need bold leaders prepared to take a stand and insist on cooperative planning across tiers of government. This may require a mechanism to transcend the politics and, in particular, to mitigate the short termism caused by the political cycle. We’ve seen this thinking at state and federal level with independent infrastructure planning bodies. Do we need similar bodies for cities?

“Pursuing greater collaboration and integration can have a dramatic impact on a city’s resilience. Every city that takes on these qualities differs, but it’s clear that when cities work together with their citizens, local businesses and other stakeholders, and promote collaboration between agencies – the result is better outcomes with longer-lasting benefits. When diverse groups organise, share ideas and communicate, decisions draw from a broader insight base, priorities are better aligned, and outcomes achieve multiple goals instead of one – often producing a cascade of benefits.”

The Rockefeller 100 Resilient Cities initiative

6 Resilience Strategies: Collaboration and Integration, Rockefeller 100 Resilient Cities blog, 100resilientcities.org/blog/entry/resilience-strategies-collaboration-andintegration#/-/, accessed March 2016
EY and citizen-focused cities

At EY, we have capabilities and tools to ‘listen’ to citizens and make sense of what they do and say. We work across economic, physical, social and environmental resilience to advise on smart and resilient city projects in diverse settings, helping city leaders to put citizens at the centre of their decisions.

EY is the most globally integrated professional services organisation – in our purpose, mindset, actions and structure. We have built a practice that can support the efficient, effective and economic delivery of smart and resilient city programs around the world, bringing these learnings to support the development of Smart Cities in Australia.

**Smart transport**
Advice and support on developing and providing multi-modal, multi-operator urban transport strategies Smart transport infrastructure is a critical enabler for economic growth and competitiveness and should be the backbone of any effective smart city strategy. EY works with the public and private sector across the whole project life cycle, from planning and procurement to delivery, operations and exit, to provide the largest and most complex smart transport projects.

**Smart metering and smart grid**
Advice and support on smart meter rollouts in many different markets Smart transformation presents major strategic, operational and technical challenges for clients. EY’s multidisciplinary approach encompasses strategy and business case management; project financing; regulatory control; supply chain and procurement; complex IT strategy definition and deployment; and customer management.

**Digital**
Supporting clients as they address the challenges and opportunities that digital creates EY advises clients in a range of areas, from digital growth to optimisation and protection. Services include digital enterprise strategies; incubation and innovation; customer support supply chain and operations support and digital risk, cyber, governance and audit confidence. This includes advising on business models and operating models that are fit for purpose in a digital world, along with clear road maps and benefits cases.

**E-government and government services**
End-to-end help with designing and providing e-government systems EY advises city governments on strategy development; target group identification and expectation gathering; blueprint creation; process re-engineering; information technology development; and audit and implementation.

**Asset information and digital**
Driving value from data within the built environment and across infrastructure Digital information is transforming the built environment, providing substantial economic, social, safety and performance benefits. Infrastructure intelligence enables significant outcomes for citizens, transport, construction and infrastructure management organisations. This is done through better generation, collection, management and exploitation of information to support technology-enabled transformation.
Cybersecurity
Addressing the challenges of information and cybersecurity risks to business operations EY works with clients in the following key areas: transforming information security programs; identifying and responding to cyberthreats; advising on identity and access; reducing the risk of information loss; and addressing privacy regulations.

Emergency planning
Supporting cities as they recover financially after disasters through insurance claims and federal disaster grant programs. This also includes advice on other funding sources and insurance policy reviews to identify gaps prior to a loss event. EY provides technical knowhow, from full-service accounting and claim preparation to consulting advice addressing current needs.

Job creation and inclusive growth
EY has developed a framework to help governments harness private sector development. The framework helps federal and provincial governments, donor agencies, and international economic development agencies and not-for-profit organisations to drive inclusive growth through job creation. It is designed to encourage entrepreneurial activity in organisations of all sizes and attract domestic and international investment.

Smart home
Advice on smart homes – the automation of energy efficiency and comfort in the home
A three-stage approach to developing and implementing a strategy for smart homes: building aspirational customer segmentation, investigating and evaluating innovative services, and mapping the ecosystem, assessing and assist with determining the best models.

Innovative funding and finance
Advising cities on designing, building, financing and operating infrastructure EY provides robust financial advice to cities on major capital infrastructure projects. This includes capital transformation – valuations and business modeling; lead advisory; transaction integration; restructuring; transaction support; and transaction tax.

Citizen research and engagement
EY Sweeney is a full service and integrated research business within EY Advisory, delivering independent insights built on primary research, community engagement activities and deep sector knowledge. We explore the citizen perspective and experience across the full array of city services and activities. This report is built on a foundation of insight into the outlook and attitudes of thousands of people living in Australia to deliver a truly citizen-centric perspective on cities in the future.

Economic development
Advice and provision of investment strategies, growth projects and innovation drivers EY advises organisations and local and central governments on innovation, growth and entrepreneurship to help them plan for the future and deliver sustainable economic development in an increasingly competitive environment. Our four key services are competitiveness and attractiveness strategies; sector studies and benchmarking; organisation performance and governance; and urban projects, feasibility and financing.

Climate change and sustainability services
Demystifying the highly complex world of sustainability to help identify competitive advantages, increase operational efficiency and limit risk EY advises clients on assessing and understanding environmental and social metrics that are material to managing their operations. We help them make better business decisions by bringing sustainability into strategic risk, supply chain, marketing, product development, finance and internal audit. We also assist them in managing compliance and operational changes using a pragmatic business approach focusing on cost-effective approaches to material risks.