



Shared Prosperity: Taking advantage of Auckland's Economic Growth

- Evening. Auckland Conversations, for those of you who haven't been to one before, provide an opportunity to inspire and to stimulate your thinking about the challenges, and of course, the opportunities facing Auckland.

For tonight's Conversation, we are thrilled to welcome Stephen Cheung, Executive Vice President of the Los Angeles Economic Development Corporation. And after Stephen has spoken, he will be joined in a panel discussion by two of our local experts, Nick Hill from ATEED and Tony Alexander from BNZ. They'll be talking about how we can best share the prosperity generated by Auckland's economic growth.

Thank you very much for joining us tonight. This is a fantastic turnout on a lovely Auckland evening, and a warm welcome as well for those of us joining from the virtual world watching online on the Auckland Conversations website. Now of course, I need to start with a few housekeeping notes. In the unlikely event of an emergency, an alarm will sound, we will be directed out of the building by our ushers. Bathrooms are located at the back of the venue near the networking table, on the left there. And finally, could you please take a moment to turn your phones to silent, don't put them away altogether because we would love to have some tweets from tonight's, I'm sure, stimulating and fascinating discussion.

Now of course, we can't start the conversation without thanking our generous sponsors. We would like to warmly thank ATEED, our partner for this event, with the support of BNZ. And our thanks go also to our Auckland partner, South Base construction, our design partner Resene and all of our programmes supporters.

Now, tonight's format will be a keynote speech from Stephen Cheung followed by the discussion with the panellists, but then it will be your turn. We would love to have your questions to get this conversation going. We'll be using the online tools Slido. Now if you haven't come across it before and have a smartphone, please visit slido.com, enter the event code, which is #prosperity, and simply type in your question, it's as easy as that. And you can submit your questions at any point during tonight's discussion. I will then be drawing from those questions to put to our panel. Alternatively, of course, if you're a little bit more analogue, you can just raise your hand when we come to the interactive Q&A session. Now you're also very welcome, as I said, to tweet out during the evening and the hashtag that we're using is AKLConversations, #AKLConversations.

Now, as is appropriate for an event on sharing prosperity, we always try to ensure that the Auckland Conversations events are inclusive and accessible. So our Auckland Conversations website will provide on demand viewing of the event, a full transcript and captioning of the events and presentations in the next few days.

So that's all the boring stuff out of the way. And now we get to the real gold of this evening, our conversation. Now, as we all know, as fervid Aucklanders, Auckland is a vibrant, internationally connected and growing city, but of course, while economic development brings with it benefits, it can also have challenges as well. Development can be uneven, inequality can widen, and we can even see economic and social marginalisation emerging. So the question for us tonight is how do we meet these challenges? How do we increase living standards for all of Auckland's communities and citizens? How will our jobs, and indeed the economy overall, change in the face of economic growth and those societal challenges that may come along with it? How do we ensure that prosperity can be sustained and sustainable as well as inclusive?

Now, these are some pretty weighty questions for a Tuesday evening in Auckland, but we're here tonight to start a conversation to try to find some answers. And we're very fortunate in launching that conversation to be able to hear from one of the great thought leaders in this space, as I mentioned, Stephen Cheung.

Now, Stephen is from our great sister city of Los Angeles, and we're lucky that he's been in Auckland for the last couple of days for The Tripartite Alliance discussions, alongside, of course, his colleagues from Los Angeles but also Guangzhou over the last couple of days. So I hope that he has enjoyed the best of multicultural Auckland while he's been here, and without further ado, I would like to welcome him to the stage but let me just tell you a few things about Stephen first, because you'll join me, I think, in feeling very impressed at the pedigree of his thoughts.

So Stephen Cheung is the Executive Vice President of the Los Angeles Economic Development Corporation. He's also the President of World Trade Centre Los Angeles. In those roles, Stephen leads investment attraction to the LA county region and facilitates the movement of new businesses, projects and deals from both international and U.S. investors into the region. He also supports international trade and connections for organisations based in LA County. Prior to that role, Stephen was the Secretary General of International Trade and Foreign Affairs for Los Angeles Mayor Eric Garcetti. He was responsible for managing policies and programmes related to the port, airports, international affairs and global trade, and he organised international trade missions to Mexico, China, Korea and Japan. Stephen also implemented the city's strategic plan to make Los Angeles a global capital of clean technology. That involved working with key partners to build the infrastructure necessary to support research, development and manufacturing. Stephen has also served as the Director of International Trade for the Port of Los Angeles, which is, of course, the busiest container port in North America, he was responsible for developing programmes to increase trade, facilitate goods, and he currently sits on the Board of Advisors of UCLA's Luskin School of Public Affairs and Sister Cities of Los Angeles, as well as a number of other roles, including sitting on L.A. Metro's Sustainability

Council, and Biz-Fed's International Trade Committee. Now, Stephen was born in Hong Kong and grew up in Los Angeles where he received both his bachelor of arts in psychobiology and Master of Arts in Social Welfare from UCLA. He is fluent in both Mandarin and Cantonese, and we are very lucky to have such a talented person with us tonight. Please join me in welcoming Stephen to the stage.

- Thank you, Stephanie, for that warm introduction, and thank you Auckland Council for the invitation to be here in Auckland. It's been a wonderful experience being back Auckland again. So tonight, let's start by really becoming an Aucklander. So Thank you. Tonight, we want to talk about economic growth in the global city, and what that means for global cities like Los Angeles and Auckland. And when you look at economic opportunities and economic growth, sometimes it's not all just positive. It comes with sometimes disparity, social economic marginalisation of certain industries and certain populations as well.

What can we do as a metropolis, and as a region, to increase inclusive growth, and specifically how do we use innovation to address major issues and potentials like climate change, job creation, international business engagements and homelessness?

So I want to share, and maybe overshare a little bit, some of the things that we've done in Los Angeles to give you a bit of context and background. And we're going to be sharing a lot, actually, the good, the bad and the ugly about Los Angeles so that we can really learn from each other and set the context for the conversation later on. And to do that, let me step back a little bit and really give you an overview of Los Angeles because I think there's a lot of misconception about Los Angeles. And after that, I think we can really have a true conversation about what economic prosperity means for all of us.

Now, many of you know Los Angeles is in California, but some of you don't know the size. So when I say Los Angeles, what are some of the things that you guys think about immediately? From the audience, anybody?

- Hollywood.

- Hollywood. Usually what we hear around the world when I say what do you think about Los Angeles, they say Hollywood, Hollywood, traffic, Hollywood, that's what they know about Los Angeles. But there's so much more, and today you're going to find out a lot more about it.

So, this is a geography of Los Angeles. When you think of Los Angeles, you actually just think about Los Angeles City, which is the second largest city in the United States with about four million people living there. That's a dark green section right in the middle. But when you think about Los Angeles, you also already know many of the great cities that are there: Beverly Hills, Santa Monica, Long Beach, Pasadena, these are actually all separate cities. Combined together, 88 cities make up the Los Angeles county region. And when you guys come to Los Angeles, a lot of people come come to us immediately said, Stephen, I'm so excited to be here,

I want to go to Disneyland. And I have to let them know, sorry, Disneyland is not in L.A., it's in Orange County, it's in Anaheim. But really, when people are coming to Los Angeles, they're talking about the Greater Los Angeles region, which is five counties combined together: Ventura, Los Angeles, San Bernardino, Riverside, and Orange.

So in context, if you go back to what we just showed you, you're really talking about a region that goes from the Pacific Ocean all the way over to Nevada, and Arizona, from Santa Barbara all the way down to San Diego, it's a massive region that's the home to a population that's quite large, five counties, 190 cities, over 100 unincorporated areas and 34,000 square miles. Los Angeles County alone, we have 10.2 million people living in LA County alone, the Greater Los Angeles region is actually 18.7 million people. And the strength of our economy is our people, our people as diverse.

We have over 224 different languages spoken right in Los Angeles and Los Angeles is known as the most diverse location in the history of humankind, because you have all these nationalities combined together in one single location. So much so that all these countries are actually paying a lot of attention to Los Angeles and this is key to Auckland later on as well. We have over 100 consulates located in Los Angeles. And this makes Los Angeles the world's third largest concentration of consulates after New York and after Hong Kong. Combined together, what you see is that this population, this map represents all the other states in the United States that have a smaller population than Los Angeles County. Only seven states, including California, have a bigger population than us. So Los Angeles is really the size of a small nation. In fact, if you look at our GDP last year, our GDP was and \$807 billion, Los Angeles County alone. So if we were a country, we would be the 19th or 20th largest economy in the world, larger than that of Belgium, Saudi Arabia, and many other countries. And if you combine the five counties together, our GDP is now at \$1.2 trillion, tied with Mexico as the 15th largest economy in the world. We're not just any city, we're a mega region. And we're able to do so because of the infrastructure industry and the talents that we've created over the many centuries that we've been around.

So let me talk about a couple of the industries that really make Los Angeles what we are, and then actually some of the shared issues and some of the shared potential that we have between Auckland and Los Angeles as well. Los Angeles has the number one and number two container ports in North America, the Port of Los Angeles and Port of Long Beach. Combined together we move about 17.5 million TEUs, TEUs stands for Twenty-foot Equivalent Units, these are the 20-foot boxes that you see out there. And Los Angeles, if you look at the world ports ranking, combined together, we're actually the ninth largest port complex in the world. And it's because not only of our geographic position in relations to Asia Pacific, but it's because we also have the infrastructure for it. We have over 100 trains that come in and out of Los Angeles every single day. We have over 1.5 billion square feet of warehouse and distribution space around the 100 miles of the Los Angeles region, and we have over one, sorry, 10,000 trucks to move these cargo back and forth to and from the distribution centres. So breaking down a little bit, if you look at just the map of the top ports around the world, you'll see that China is dominating

because as a manufacturing centre of the world really, for many years, they are producing a lot of the goods that we are consuming. And they use Los Angeles as a gateway because you can see how easy it is for them to get to Los Angeles than how easily it is to get to the rest of the United States.

So like Auckland, Los Angeles is the gateway to their nation. The other thing about international trade you have to look at, is also air cargo and air traffic as well. LAX is now the nation's number two airport. But the reason why we're number two is because some of the other airports are actually, they're double counting. When passengers get there, they transfer and they go to another location and they count that as well. If you look at just people getting on and off the plane, origin and destination, L.A. is now the number one origin and destination airport in the United States with over 87.5 million passengers a year, and they carry over 100 billion dollars worth of goods coming into this region. You can see that we reach over 188 different cities with over 130,000 flights every year, so we really reach the rest of the world, and this is really important for international trade. I'm going to try, there we go. Now, we're going to focus a little bit on the various industries that are in Los Angeles that make Los Angeles who we are. So first, tourism. Related to LAX, Los Angeles just reached a new milestone. 50 million visitors came to Los Angeles last year, in total, they spent about \$24 billion to the local economy. And you can see China as a major player for us, last year, 2017 actually, we went up in 2018 to 1.2 million, we're the first city in the United States that have over one million visitors coming from China. And Mexico is actually a much larger number because of the proximity, but we actually count the overseas direct nonstop flight and we used the overseas as a measurement because we actually generate more economic impact when there's an overseas flight. The second thing is a lot of people don't know, like I was mentioning before, people think of Los Angeles and they think of Hollywood, Hollywood, Hollywood, traffic, Hollywood, but we're actually also the number one manufacturing centre in the United States with over 350,000 jobs. That's right, not Detroit, not the rust belt, Los Angeles has more manufacturing jobs than anywhere else in the United States.

What do we manufacture? We manufacture bit of everything in fact, from aerospace component parts, you have automobiles and automobile parts, and you have fabric. In fact, Los Angeles is actually the high-end denim manufacturer and designer of the world. So if you're buying your \$300 jeans or \$700 jeans, it's actually designed and manufactured in Los Angeles. The other thing is people think about entertainment in Hollywood, right, you guys mentioned Hollywood first. Hollywood is actually only our third largest industry. Traditionally, we have great companies like Warner Brothers or Disney, but right now we're seeing transformation. We're seeing a lot more digital media, so Amazon Studios, Netflix and also gaming and eSports are coming into Los Angeles strong, Activision, Blizzard, and Riot Games, Hulu, they're all coming into Los Angeles and creating a completely different paradigm that we've never seen before. With that, we're now seeing another transformation in the Los Angeles region, a traditionally manufacturing base town, we're now moving into the new high-tech sector. Our sort of ecosystem is building very quickly. Most of the folks when they think of tech immediately they think of Silicon Valley. What if I told you that Los Angeles actually has more high tech jobs than

Silicon Valley? Now, Silicon Valley is doing very well but the thing is, they're becoming so expensive, a lot of these companies and a lot of these venture capital groups are coming directly into Los Angeles. That's why our Silicon Beach area is growing very quickly with over 8,000 startups and over 200 VC firms supported by accelerators, incubators and universities. And you can see just a map of downtown Los Angeles and around the West Side where Silicon Beach is located, companies like SpaceX, Ring, Virgin Hyperloop, Snapchat, they're all located, and born, and created out of Los Angeles because of the ecosystem that we built. Besides some of the traditional industry, we're growing these new industry clusters, and it's becoming the future of what we need to look at when it comes to job creation. I'm going to highlight just about five of them. Clean technology.

Los Angeles and California has been known around the world as having some of the most stringent, if not the most stringent, environmental regulations in the world. Some companies feel that this is a detriment, but for us in Los Angeles and we embrace it, we actually created a brand new industry to drive new innovation and new technology to be developed in Los Angeles so that it can serve the needs of our region, then we export these products internationally. Advanced transportation is much, much needed. As we mentioned, traffic is one of the huge most important issues that we're facing. And we're not just going to sit there and be okay with it. In fact, last year, the county of Los Angeles passed a new sales tax measure called Measure M, where we're going to be doing a half penny sales tax for every transaction that goes through Los Angeles. So in the next 30, 40 years, we'll be collecting over 120 billion dollars just on transportation project in Los Angeles County. This is the largest infrastructure and transportation project in the history of the United States that will be dedicated just to LA County. And let's be honest, most of these funds will be spent in the next nine years before we host our next 2028 Olympic Games. Los Angeles will be the home to the 2028 Olympic Games, we will be hosting the Olympic Games for the third time. So with that said, we're also creating other industries and enhancing other industries as well. Aerospace and defence industry has been around Los Angeles for many, many years, but now we're seeing a transformation as well. It's no longer about aviation and aeronautics, it's actually about space exploration, SpaceX, Virgin Galactic, they're now launching rockets and these shuttles, to have passengers go out in space and come back. It will be announced, I believe, shortly, that there will be a space performance, a concert that's going to be done by a very famous female performer. I can't name who yet but you've seen her recently in the movie that's going to be very well-received. So she's going to be the first woman performer in space. So these things are happening because of the synergy between the various industries are happening in the Los Angeles region. Bio science, we have more bio science jobs in Boston or San Diego, and high tech, as I was mentioning before, now we have overtaken Boston or Silicon Valley as having more of these high tech jobs. Combined together, these industries are really supported because of our education institutions that have really created a talent that's necessary.

Los Angeles is the only region in the United States to have three top 25 world ranking universities. Caltech is now the world's number one research university, UCLA is the number one public university in the United States, and USC is also one of the top 20 universities in the

United States. Combined together with 115 other higher education institutions, we graduate more than 1,500 PhDs, 5,500 engineers, 1.3 million graduates and also 3,500 patents come up from our region on a yearly basis. So education is really at the very basis of what we do. And because of everything that's happening in Los Angeles, you see internationally, everybody is coming to Los Angeles because they want a piece of this pie. And we're delighted to announce that we do an annual report at the World Trade Centre, Los Angeles, this is last year's report, we'll be releasing our report in two weeks at our next Select LA Investment Summit. The numbers are pretty much similar, but we have over 10,000 foreign-owned establishments in Southern California, creating over 420,000 direct jobs. Every year, they pay over \$26 billion to our local economy. So international trade, despite what some of the rhetoric that are happening around DC, it's actually creating really good jobs because most international companies coming into Los Angeles and America, they're actually paying about 15% more than the average company in the United States. So this is a quick summary of what's happening around the Los Angeles region. And I want to talk a little bit about some of the programmes that we have created in Los Angeles so you can get a sense of how we're using some of the innovative approaches and policies in order for us to drive change and to make sure that the prosperity is actually shared by more than just one section of the economy. So when it comes to climate change, we're mentioning a couple of the major issues that we want to address, climate change. In the United States, President Trump walked away from the Paris Climate agreements very quickly after he took the presidency. Immediately afterwards, Los Angeles Mayor, Eric Garcetti, and California Governor, Governor Brown, both said regardless of what's happening in DC, California and Los Angeles will adhere to the Paris Climate Agreement on our own. And after that, Mayor Garcetti reached out to over 420 other mayors around the entire region, and around the nation actually, and got them to commit to the Climate Mayors programme, which means that they're going to basically all adhere to this climate accord on their own, regardless of what the federal government's going to do. Now, promises like these are great, but what are you going to do about it? So the Los Angeles City actually launched a new Green Deal, which include a commitment to being carbon-neutral by 2050 in the entire Los Angeles region, which is a very tough goal to do. So one particular programme that we can use because you can talk about goals and standards, but how do you actually implement it, it's the Clean Air Action Plan and the Clean Truck Programme adopted by the Port of Los Angeles, again, the number one container ports in North America and the Port of Long Beach, the number two container port in North America. That programme what it did, is basically it incentivizes private sector to get rid of their old dirty diesel trucks and replace them with cleaner trucks. And for every truck that you scrap, the Port of Los Angeles gave you a subsidy of \$5,000, that they're going to destroy that truck, so we know it's off the streets. Then they gave them \$20,000 each to buy a brand new truck that's EPA-compliant, Environmental Protection Agency-compliant. So at that point, then you know that you're going to have a fleet of new trucks that are going to be emitting less pollution. Now when you look at the port operation, I was mentioning, 17.5 million TEUs move through the port area every year. Those are a lot of truck, and ships, and train trips. And with these trucks that are going back and forth is going along the heavy corridors, which means this is actually going directly into the neighbourhoods.

The American Lung Association did a research in the early 2000s and found that around the poor area, the asthma rate of the children and the residents that live around those poor area is three times out of the national average. What we're doing now as we're subsidising these cheap goods with the health of our citizens. So these programmes are not just a financial programme, but it's also a programme for us to basically create change and really incentivize the private sector to change. So with this incentive, the private sector came in very quickly and put in additional money altogether it's about three, \$400 million that the ports put in, and about 700 million that the private sector put in, a billion programme and within five years, we replace all the old dirty truck and replace them with all 2007 EPA-compliant truck, this is back in about 2006 to 2008. In five years time, truck emission dropped by 95%, 95%. That has a direct impact on the health of the population, but this is a part where it's also very interesting. The private sector came in and often realised that they can now market Los Angeles as the clean route. Walmart, Target, can basically say, if you use the Port of Los Angeles and Port of Long Beach, you're now able to basically propose this to the eco-conscious consumers that want to use the clean routes. So now it's now becoming the preferred way to ship your goods, and we're getting more market share. So it became a win-win situation that originally can be a really dangerous situation for some. So that's the environmental side. Job creation. Job creation is a huge issue as we're dealing with artificial intelligence, with automation, replacing some of the traditional jobs that we have. What we want to do is create ecosystems. So the Los Angeles City and Los Angeles County, what they did is they look at surplus property that they have that they weren't using anymore, building a space and then leasing it out for a dollar a year to nonprofits that basically create an incubation system that supports clean technology or bio science, industries that we know will pay a lot more money. With that, they also work with the community college districts and local education institution to do a workforce education programme to help the next generation of children learning how to enter this market, they get their internship, then later on, they'll have a full-time job after they graduate from that programme. So those are the programmes that we're creating and working in partnership with public and private sectors, as well. International business engagements is another area that we really want to focus on and I really want to highlight The Tripartite Economic Alliance that started really six years ago, and this is our fifth year doing the Tripartites and this year, we're here in Los Angeles. So we want to thank our friends at ATEED to really be this partner and the stimulus to bring Los Angeles and Guangzhou companies, and companies from around the world to really look at what's here in Auckland, and what are the potential for this business opportunities. We use a sister city agreement that's been going on for a very long time and added an economic component to it, a promise that we're going to be looking at each other's industries that we like, and we're going to look at the shared prosperity and how do we work closely together to make sure that we all grow together, all three sister cities are going to be able to take advantage of the growth that's happening in the various sector.

And finally, as I'm talking about these macro level, and it all sounds good, and it sounds wonderful that way, but address so many issues, but I mentioned to you, I'm going to give you the good, the bad and the ugly of Los Angeles and some of the things that we did. The reality is that we're not able to address these issues for everybody. There folks that are disenfranchised,

they're underserved population, and their results are quite different. As I was telling you, the number one status for all these major things that we're doing in Los Angeles, did you know Los Angeles is also the number one homeless capital in the United States? We have over 50,000 homeless individuals any given day in Los Angeles, 50,000, that's the size of a city. And these are the issues that we can't just solve overnight. And so the city and the county passed a new measure to put in the billion dollars to address this issue. A billion dollars is a drop in the bucket to be able to solve this issue, it needs to be a comprehensive approach. That's why working with nonprofit sectors to do a wraparound service to provide mental health, job training, drug counselling, and a number of different supportive services to really help transition, but it comes from also the lack of housing and the increased price of housing that's happening around Los Angeles. And we're facing what some of the other cities are facing, like San Francisco. And I think these lessons can be shared, and I think there are a lot of similarities between what happened to Los Angeles and what's happening in Auckland. What we want to do is we want to share these information with our partners so that you can learn from us and you can leapfrog over some of the mistakes that we've made.

But I think talking about this is fantastic from a very high macro level, but I think what needs to happen is actually to get a better understanding from a micro level, because you need to know what happens to individuals and how these policies impact them. So, to the point I was talking about, about over sharing a little bit, I'm going to share a little bit about my story and my background, and one of the the millions of stories that you see in Los Angeles, that gives you a good example of what Los Angeles truly is, and the potential for these policies. So as Stephanie was saying earlier, I was born in Hong Kong, I emigrated to the United States when I was about eight years old. We came from a middle-class family, my father owned a import-export company, and also a film production company in Hong Kong. So when we moved to the United States, we're comfortable, we're in the middle class, so we lived in the middle-class house and a middle-class neighbourhood, but it was very difficult as a Chinese immigrant that couldn't speak a lick of English to go into a new school and new environments. I remember I thought the word thank you was one word, so I go around for an entire year saying thank you you to everybody before someone corrected me after a year. And the other thing is my teacher would call me Stephan because the way I spell my name, and I was too shy to correct her until the end of my first year, to let her know that my name is actually Stephen. She was mortified, but these are the some of the challenges as an immigrant child that come to this region, they have to adjust to. My school district was very kind, they saw that I was struggling with English, so they hired a Chinese tutor for me. And because the school didn't really know how to deal with immigrants at that point, I was one of the three Chinese families in the neighbourhood. So they got me a tutor, and this tutor showed up and she looked at me and she spoke Mandarin. I was born in Hong Kong, I only spoke Cantonese. She was from Taiwan. The school district didn't know that there's a difference between Chinese people. With their good intention, and inadvertently, they created even more of a barrier for me. So my second language is actually not English, it's Mandarin. I was a bitter child that I have to learn another language before learning English, but now I'm very thankful because now I have another language in my pocket that I can communicate with the second largest economy in the world. But that was already difficult in terms of just transition

being an Asian-American living in the United States. And even in Los Angeles, I face discrimination and racism that really we shouldn't be facing. But what was really also challenging was that we're known as what they're called astronaut kids. My father was going back and forth between Hong Kong and United States doing business while we stayed there. But over time, we start noticing my father coming back less and less. So my mother decided to surprise him in Hong Kong, and she got the surprise because she found that he had another family. My mother asked him to choose and he chose but he chose the other family. So out of nowhere, from a middle-class family, we became a family of a single mother, monolingual single mother with three children she couldn't afford to basically pay the mortgage. And the challenge of being a monolingual mother, single mother, in an environment that she doesn't know, she doesn't have a job, and she has to raise three children was just way too much. We ended up working in sweatshops. My mother was a seamstress sewing clothes and my sister and I would go after school. So for every shirt that you guys actually wear, someone has to sew it, but when you're done sewing, you have the extra strings. So my sister and I will clip off all the extra strings for about 1/2 a penny per shirt. And so that's how we were able to raise ourselves and it was very difficult. But over time, I got myself a job as a busboy. My mother got herself a job as a waitress, and then we moved on. And I was very fortunate because I got into a great, great school at UCLA, it really gave me the opportunity to really challenge myself and learn. And so I delivered what I really needed to do as a good dutiful Chinese son. And so I was going to be a chemical engineer, except I didn't want to be a chemical engineer. So after two years, I told my mom, I said, "Look, I just want to let you know, "I can't deliver this for you. "I know you said that if you're not an engineer, "you're not a doctor or an attorney, you're nobody. "So I am sorry, but I'm not going to be a dutiful child." And she said, "Stephen, I've always said to you "that I will support whatever you do," which is a lie by the way, and she said, "as long as you don't want to be a starving actor," and here I was with a portfolio to apply for the UCLA Theatre Programme behind my back, I scrapped that, I finished my education, getting a degree in psycho biology because it was the closest degree I could finish without spending more time. With that experience, I really didn't know where I was going but what I needed to do is work with people. So my my first job was actually at a domestic violence shelter for women and children who are escaping domestic violence situation. And that was my career as a social worker for many years until I went back to school at UCLA to get my master's degree in social work. When I was done, I got addicted to policies. I started seeing that you can do policies and change lives, not just individuals, but you can change thousands and millions of lives, and so I started working for the Mayor of Los Angeles. He gave me the chance because as the first Latino mayor in over 100 years in Los Angeles, who was raised as a shoeshine, with a single mother himself, overcoming all the obstacles, he looked at me and he didn't look at my colour of my skin, he just looked at whether I can work for him and how hard I was willing to work for him. And having the opportunity, I started learning about the Port of Los Angeles, international trade, the airport and all these different issues. And Mayor Garcetti he basically took me under his wing, and allowed me to flourish as well. And then finally, about four years ago, I took over at the World Trade Centre, Los Angeles. This journey is really just one of many, many international stories that are happening in Los Angeles and around the world. And so going back to what I was saying earlier, the most important aspect of a global city, to me, is this openness to include people that

are different with different viewpoints and give them the chance. And it's really about building that infrastructure from a macro policy level to mezzo-structural level and to a micro-personal level, every aspect has to be there. If a city is willing to do that, and able to do that, and they give a chance to, I don't know, a poor immigrant, monolingual Chinese kid, maybe in about 30 years time, he will represent Los Angeles on the global stage and fight like hell for you. So I encourage Auckland to do also what Los Angeles has done to embrace the diversity that makes us different, but what makes us great, and I think we can learn a lot from each other. Thank you very much.

- Well, thank you so much, Stephen. That was an inspiring tribute to the city of Los Angeles and the County of Los Angeles. We're going to give Stephen a few moments to catch his breath now while I invite our panel up to the stage. We are going to have our two Auckland experts and then Stephen can join as well. So, first of all, to my right, we have Tony Alexander, who, I'm sure, many of you will know from media appearances and other outreach that he's done. He is the Chief Economist of the Bank of New Zealand, one of our kind supporters this evening. And next to him another face I'm sure you will all have seen before, Nick Hill, the Chief Executive of Auckland Tourism Events and Economic Development. And of course, Stephen, last but not least on stage there. So I thought we could start our conversation off with a couple of questions to our our panellists, and just see where it goes from there. But just a reminder, we would love to have your questions as well. Please do go to slido.com to put your questions, excuse me, into that device, we would love to hear your tricky questions for our panellists. So let's start with those panellists. Tony, I'm going to start with you first, I have a question here for you about something that I know is very close to your heart, which is about house prices. And I'm sure being Aucklanders, we're all fascinated by what Tony will have to say to this question, Tony, is it reasonable for people to think that house prices relative to incomes in Auckland, we'll go back to where they were pre-global financial crisis? Nice, easy one to start.

- Yes, an easy one to start. Basically, I wrote the question for Stephanie to ask. For those of you who don't know me, I'm the economist who had the different view from all the other economists on the Auckland housing market, mainly from sort of 2008 but especially from about 2011, 2012, people could see prices were rising and were saying some people are hurt by these prices rising, the rental yields are going down, prices should go down and therefore they will go down. And I said, well go back and do your basic economic analysis of looking at the growth and supply of housing, which in 2011, was at the lowest level of production of houses in Auckland, nationwide in fact, since the 1960s, and look at the growth in the population, which of course has accelerated tremendously over the past four to five years. And I said I think the Auckland house prices will continue to rise. So if you do have your cell phones there, you can google Tony Alexander 19 reasons, not 13 reasons, for goodness sakes, but 19 reasons, and you'll find something I wrote in 2012 listing why house prices would rise. The first version was 2011, but you can probably find that. Now, many people simply don't, I guess, grasp that what we've seen with the house prices rising strongly is a permanent structural shift in house prices, in sheer prices, in commercial property prices, reflecting a whole variety of things. And starting with assets generally, one of the biggest things that's happened over the past few years has been,

since the global financial crisis, inflation around the world has settled at a low level, wages growth has simply not accelerating, even when unemployment rates fall tremendously, we have had the interest rates, therefore, turning out to be much lower than people were thinking. And while one might think it's good that a young person going out now and can come to the BNZ and get a three-year fixed rate special deal 3.89%, just for you at the moment, and that's surely good compared with the 18.5% I paid back in 1987, I was better off back then than the low interest rate environment now, because the low interest rates have been factored in to the higher prices of all assets around the world basically. And it's not just from the borrower point of view, it's from the investor's point of view. If you can't get yourself a decent yield any longer and bank time deposits or government bond yields, people have gone into these other assets such as the shares, commercial property and residential property as well. And it does not look likely at all that inflation is going to bump back up. The period from 1973, first oil price crisis, to 2007, the onset and after that, of the global financial crisis, that was the aberration of high and variable inflation, high and variable interest rates. We're now back in the 1100s, the 1560s, of sustained low inflation and low interest rates. But there's more than that, which explains the rise in house prices. These days, if you're buying a house, you will say you need two incomes to afford a house where 40 or 50 years ago, there was only one income bidding at the auction for a house, and the first families that had the partner also going out and into the workforce, they could buy a better house. And so over the past four to five decades, the price of houses has gone structurally upward to reflect the fact that there are two people's incomes coming into the household who can afford to pay a house. These days you buy a house, the toilet is on the inside. Previously, it was not necessarily, there's more than one bathroom, you have to meet energy efficiency standards, seismic standards, consenting fees need to be paid, developers fees, hefty inspection fees, materials need to be tested, et cetera. We have an ageing population and the older the population, the more houses you actually need for that number of people. Older people are divorcing later in life. And if you're 60 and you get divorced, you're probably not going to go flatting, you're going to maybe still want your own house. In the late 1980s, we saw a change in New Zealand's migration rules away from source country, to what skills, what education et cetera, can you offer, and we've seen a permanent change in New Zealand's needs migration flows. Now this is a big one, and it's hugely relevant to Auckland in particular, because Auckland gets about a net 60%, maybe 55%, of the migration flow in and out of New Zealand. And if you go back to the 10 years leading up to, hmm, 1988, on average, each year in New Zealand, we lost 16,000 people. The 10 years to 1998 we gained about 9,000, 10 years to 2008 the night we gained about 11,000 people per annum, and the 10 years to 2018, on average, we gained 29,000 people and we gained a net 56,000 people in the year to March of this year. And over the past four years, Auckland's population has grown about 11%, rest of New Zealand about 7%. And it is to Auckland that the migrants tend to come and the young people tend to stay as well. I've actually got a list of 13 reasons here as to why their prices have sort of structurally gone up, I sometimes go through, but the upshot is, I don't see the migration flows reversing. I don't see suddenly the interest rates rising by five or 6%. I don't see older people deciding let's stick together even though we hate each other's guts, and we'll stay in this one house. And I haven't even mentioned Airbnb, and the house is taken out of the market for that. So this is a permanent repricing of the housing market. And what do I think

happens now, just in case that's what people are interested in, Auckland, you flat, you've been flat for two years, you probably stay flat for another two to four, and then the simple pressure of population growth exceeding what has accelerated growth and house construction will eventually push the prices up for a bit further. But for the moment, the market is flat, and it's going to stay that way for a while. Thank you for the question, Stephanie. Thank you very much, Tony. Well, we'll come back to that passion project of yours, but before we do that, I'd like to hear from our other panellists, Nick Hill. Nick, if Auckland continues to grow that a way that it has in the past, how will we ensure that everyone in all of our communities is able to share and its prosperity?

- Thanks, Stephanie. When I gave you that question, I didn't realise it was sort of like solving world peace, but I think the way I'd like to start trying to answer it is maybe just to respond to Stephen's presentation about L.A., and contrast Auckland with that and do that quite quickly, if I could. I mean, I think you started saying you had an economy of 900 billion per annum. 800. So Auckland's economy is 90 at the moment. And if you think about infrastructure, you think about industry and you think about people, we're very, very similar, as Stephen pointed out, to L.A., we are a gateway to New Zealand and particularly through the airport in recent years, the connections with the rest of the world have grown exponentially, not exponentially, but hugely, there's 300 flights a week to different airports in the world. The port itself has been growing significantly, I think it's one of two deep water ports in New Zealand. Our digital connectedness has also advanced significantly, and as Tony's just mentioned, migration is through Auckland. 40% of Aucklanders were not born in Auckland. So in many ways, we are a city that performs a similar role to L.A.. We are changing very quickly. L.A. is a very young city, Auckland as a young city, we're at the cusp of enormous growth and change. We've come a long way in the last 10 years, but when we look forward to the next 10, we're talking about 50 billion of infrastructure investment in the city. And when you layer over the migration patterns, you layer over the impact of technology and the future of work, we're going to look extremely different in 10 years time. In terms of industry structure, also similar to L.A., there is a large amount of manufacturing in Auckland, food and beverage for example, a large part of New Zealand's food and beverage manufacturing actually happens in Auckland. So to our screen sector, we're not Hollywood, but our screen sector is a billion dollars a year, employs 7,000 people, and it's currently developing very, very fast off the back of the likes of video on demand through Netflix, and so on. In terms of people, and you talked about the universities, UCLA, and your other tertiary institutions in L.A., we do have universities, tertiary training and so on, that there's a supply of talent to Auckland. So in many ways, we're very similar. I think also the diversity of Auckland and your own story, I think we could probably find many of those same stories in this room, and certainly in the city. I think someone in a journal recently described, or found, Auckland was the fourth most diverse city in the world, we have an incredibly diverse population. I think one thing where we differ from L.A., I think, is that we have an issue around scale and distance. This is not new or profound, we all know this, but it does mean we, as a city and the markets that we operate in New Zealand, are a lot smaller, and that has consequences. We cannot be as dynamic, we cannot specialise and build industries out of Auckland in the way that perhaps you can in L.A. So that scale advantage is challenging for us. I think with our markets, and I think you look at

the construction sector, for example, in many ways, it's a model that's broken, but partly that's a function of being a small country and how you manage risk and with the fact that we load liability on to our councils who then have high standards, those standards then exclude people, we have a small building materials industry of two dominant players. And suddenly our cost structures are enormously high compared to our neighbours in Australia. So the size and scale of New Zealand is different. I think one great strength we have in New Zealand, and it's become really apparent just in the last couple of days as we've hosted Tripartite, with guests from L.A. and from Guangzhou, China, and that is the fact that we are a bicultural country, and that our Maori Pacifica iwi, actually help liven and help provide values that when we look to the future and the challenges we face globally, but also within business and within economies and jobs and developing, provide us with some pretty sturdy, longer-term foundations that are universal, resonant, unique, and help to resonate with the rest of the world, but who go to our identity. So I'm going to finish shortly, but part of the answer to prosperity is fundamentally about why people would want to come to this place, why they would invest money, time, their careers, their reputations, bring their children up here, develop businesses, why would you do that? And it's answering that question that I think will help guide us to the creating prosperity and sharing it more widely within the city.

- Thank you so much, Nick. Well, I have a couple of questions that have come out of these three fantastic sets of remarks today, if I may, and I'd like to start off actually with both Tony and Stephen, because we've heard a lot from Tony about housing, the housing crisis, house prices, although they're flat, a lot of people have a lot of trouble being able to afford a house. Stephen, you've talked about the homelessness challenges in L.A. but I know that there's also been this real challenge on affordable housing as well. So are there any lessons that you could share with us, what could Auckland be doing to create more affordable housing? Is it about intensification, is it infrastructure, what's the answer?

- Over the last, I would say, 20 years or so, we realised, actually longer than that, we realised we made huge mistakes back in 1920s. We had the world's most advanced public transportation system called the Red Line that connected everywhere in Los Angeles at that point, and when the automobile sector, the tyre manufacturer and the real estate folks came together, they wanted to present this tropical paradise of Santa Monica, where you can drive on these huge freeways in your Cadillac to these great homes and they ripped out all the tracks. And so we've been catching up since because we just created the traffic issue that we cannot resolve. What we see now, the solution, is transit-orient design. You need to build density housing around major transit corridor that connect the concentration of where the workplaces are, that's the solution. So we're now playing catch up because we had this enormous sprawl. You saw the geography of Los Angeles, so it's available for them to basically keep on expanding, expanding, so you can be outside of density, cheaper homes, but certain point, they're no longer cheap and now you just have a massive area where everybody's driving into downtown Santa Monica in the morning, and the four or five freeway, which is known around the world as the worst freeway in the United States year after year after year. We spent a billion dollars in over a year to expand that freeway by a lane to increase capacity. And as soon as it's

open, traffic got worse by 1%. So now we know it has to be public transit, and it has to be transit-orient design. I think that's something to consider, and I think many other cities around the world are looking at it.

- Tony, I know you love infrastructure almost as much as talking about housing, so would you like to comment?

- Yeah, well, Auckland is most definitely playing catch up as well, and the problem for Auckland is that none of you are going to be matching up to your councils and say sales tax. I saw this guy talk about a sales tax, the idea, let's have one especially in Auckland, where I'll pay an extra 5% on everything I buy in Auckland in order then that we can improve the motorway system or the public transit system. Just thinking how disgruntled you already are about the petrol levy, the special legislation which was required to that, and the key difference you'll find between the cities in New Zealand, and especially in America and a lot of the rest of the world, is that the ability of the council here to raise money is extremely limited. Overseas, cities have a whole range of options, income taxes, sales taxes, property taxes, et cetera, which is simply not available here. And what that's allowed overseas is cities to focus on their growth in terms of we're going to grow and we are actively competing against other cities to grow as well. And so we're going to invest ahead of time the best we can for the public transport systems, the housing locations, et cetera, maybe creation of industrial parks, transport infrastructure facilities, because we want to drag business out of other cities. Now, that's never been the case in New Zealand, nobody in Auckland is seriously thinking of, I'm going to do something which is going to attract business out of Oamaru or out of . Some may move, the attraction of course, in the minds of many people is they try and get it out of Auckland the other way but the focus of Auckland has never really been we really need to position ourselves with affordable housing, et cetera, in order to attract population in here. And of course, here in that you'll be thinking but Auckland's attracting population anyway, so there's really no effort required in order to do that. And I'd love to give you a positive message of saying, I think with a bit of extra planning there, everything's okay. No, no, no, it's going to get phenomenally worse for you poor beggars that are commuting into the city every day. I think your transit times are going to slow down even further, because the money is simply not there in order to develop the system as quickly as possible. And I think maybe there's a little bit of honesty required here when people are trying to sell the idea of a light rail system between, say, Queen Street and out to the airport. It's what, 20 kilometres long, maybe 19 stops along the way as a possibility, same as the existing light rail system across on the Gold Coast. It takes 45 minutes to go from one end to the other. So don't try and sell it to me as a quick way of getting to the airport, I take Skybus when I've got the time, it really is the route along which the city has to intensify along Dominion road or wherever, and people need to honestly come out and say we have to override the interest of the existing people along their transit route, and there will be big intensification of housing along there because that's the only way you can maybe make a little bit of a dent towards affordable housing. But seriously, I don't think there'll be a substantial change, definitely.

- Well, I can see that's provoked a few questions from the audience, we will come back to you in a second. But I just wanted to ask one thing of Nick. So please keep those questions in your minds because I just like to pick up on a couple of things that have been said about the need for more capital inflows, essentially, more investment to be able to fund this much-needed infrastructure. So Nick, I mean, you talked about the challenges of scale and so on, in New Zealand, how do we keep attracting investment into Auckland to fund, I mean, this growth that we need to be able to afford all these sort of broader, inclusive elements for our societies and our communities, what's the answer there?

- Well, there's probably a few things but just first of all, can I support what Tony said, I think more than 90% of all public money is raised through central government, which is then controlled through the political processes and bureaucracy of Wellington, which is making decisions about Auckland. And the prevailing view of Auckland and Wellington is that we're helping you solve your problems in Auckland. It's not thinking about Auckland as this is fundamental to the economic success of New Zealand, and that the natural drivers and incentives are towards urbanisation and cities, competing around the world for people and for capital. So part of it is, I think, a pretty fundamental shift in the perception of what the role that Auckland plays in the country. And I think we're paying the price for being somewhat arrogant about the rest of the country calling us Jafas, and basically responding. And I think that we need a more mature view about what that relationship is with Auckland. Probably the second thing I'd say is that we're actually a very closely-held country from an asset point of view. Actually finding things for people to invest in, in Auckland, is extraordinarily hard. There are lots of people and there's plenty of capital available, it's not the lack of capital, maybe apart from some parts of startup, that is the problem. The problem is, where do we invest? So I think partly it is, comes back to a lot of assets being held in public ownership in some form or other, or else in trust-type ownerships, and so on. So I think there is an issue there. I think a third area, which we particularly want to attract is smart FDI, where global corporates, smart investors, talented investor migrants are deciding to locate their businesses in Auckland. So how do we attract those people, those corporates, to be located here because it's their activity that will attract other talented people, will support educational enterprise and attract further investment. So I think there are probably a number of layers to this, but certainly, I think fundamentally we've got a challenge around, as Tony has pointed out, about how we fund the necessary investment in infrastructure to advance the city.

- Can I add in one more component to that? I wouldn't recommend that you guys go taxing even if you have the ability to do so because California actually has some of the highest taxes in the nation, and every year we're losing a lot of business to other states and other regions that are using that against us. So the only way for us to actually replenish the companies that are coming out is to really attract foreign direct investment coming in as a marketplace to enter, but it's becoming a huge challenge. And second, just because you build it, unlike the freeway, you build it and they come, we built the public transit and we spent billions of dollars on the light rail from downtown to Santa Monica to the beach, the ridership was actually not as high as we expected. Because just because you build one line, it still doesn't solve the entire issue. So until

the whole system is done, we're not going to see that improvement. And so traffic is still bad and people are impatient with the progress. So although I gave you the rosy picture again, I promised you the good, the bad and the ugly, it's not as simple as simply taxing yourself and even if you could, you might not want to.

- Can I pick up on something you said there, Stephen, about connecting communities because you also said something rather lovely, in your remarks, the strength of our economy is our people. And I think that's true of this wonderfully diverse Auckland as well. But of course, we do also unfortunately have some underserved and some really struggling communities. So what has L.A. done or what lessons can you share with us about how to ensure that we move in the right direction on reducing inequality rather than growing it on incorporating and enabling all of our communities to share in this growth that we would hopefully generate.

- It's been a struggle and a challenge continuously for us. Los Angeles has a lot of glamorous history, but some not-so-glamorous history includes the L.A. riots, both in the '50s as well as in the '80s as well. So it's been happening over and over again, it's an underlying issue based on inequality disparity. So what I would say is there's a lot of programmes that are created in order to encourage more ethnic minority groups to run for office and to be elected, to be represented that way. That's when their voices are heard, and they're also able to create programmes or structure to their community. But through changes in the economy, gentrification is also coming in, when gentrification comes, also you change the entire electoral map. So these changes are so quick and so fast that we're not really able to address all the issues. So we don't have a panacea, we don't have a solution that we can offer, what we can say is I think what's worked for us as we're moving forward, is having leadership take stance and encourage diversity. Mayor Garcetti from Los Angeles has made a commitment that he is the first mayor in the history of Los Angeles to have all his commission's staff and manage by over 51% female representation, which has never happened before. California now made a mandate that for all public boards for companies, they have to have at least one female representative on the board of directors. So these are the the policies that are made to encourage diversity when it comes to gender equity, as well as racial diversity and inclusion as well. So one step at a time, we're not quite there yet, these are just some of the mistakes we've made along the way that hopefully you guys will see, maybe hopefully you can avoid as well.

- Nick or Tony, would you like to comment on that, that sort of social inclusion issue, or should we throw it open to some very patient audience members who I know have got some burning questions for you?

- Just briefly on the social inclusion issue. I mean, it's a huge challenge in Auckland, it's getting worse. Future work is going to make it worse, I think we've got some real issues around how our labour market and education potentially immigration, how they come together, and the decisions that are made around that. I think, in New Zealand, we've become very, very siloed, and I think there's a real disconnect between secondary schools, employers, training and the way that

market is working in the city and part of that goes down to infrastructure, but part of it goes down to some historic views about how that should work.

- Well, thank you very much for your patience. We would love to hear your question.

- Thanks. My question actually comes back to some of the infrastructure that we have to invest in, and on a scale of one to 10, A, Stephen, how important is it, and B, if we're not going to use taxes, you talked about FDI, Foreign Direct Investment, so is that the only solution that you can come up with to actually build what we need to build?

- For infrastructure, you mean?

- Yeah.

- So I want to separate it into public infrastructure and just regular infrastructure.

- Well, I'm talking about transport.

- Got it.

- And making the city more efficient.

- Yeah, so when it comes to foreign direct investment, and when it comes to public infrastructure, it becomes a bit difficult for us in United States because even though we want, we think we're a country of our own in Los Angeles, and we would like to act like it, Washington DC disagrees. So there's something called CFIUS, which is Committee on Foreign Investment in the United States where they oversee certain transaction for foreign companies that are investing and they could block those investment if it basically poses a national security issue, and transportation project has been put in the category of potentially national security issue. A lot of these foreign investments are coming in sovereign wealth fund and such, when they're investing, they want equity. We can't give public land, just basically, private foreign companies ownership of public lands. So basically, that becomes part of the issue. And second, for these public transportation projects, sometimes we get matching grant from the federal government, and when that happens, you also have certain restrictions in terms of getting foreign company. So most of those funding right now for this public infrastructure are actually complete self-finance. We're looking at public private partnership model, it's been challenging as well.

- Well, we might move on, if you don't mind, but I'm sure Stephen would be happy to engage afterwards. Thank you for waiting.

- I'm actually a UCLA graduate who's been living in

- Go Bruin!

- Yeah, I've been living and working in Auckland for 13 years and raising my children in hopefully a prosperous city. My question is, we have this saying of , which is guardianship, and I teach in schools now, I graduated from University of Auckland as a teacher, and my question is regarding your incentives to private partnerships. So when you made that carbon-neutral move, what were your relationships to the national government and to the local Los Angeles government to make that push to incentivize private business to work with city to have the carbon-neutral cars and have such a successful experience?

- It was, again, I summarised everything, the good, the bad and the ugly, it wasn't as smooth as I talked about, actually there was a lawsuit by the American Trucking Association that didn't agree with what we tried to do, it went all the way to Supreme Court. We lost certain component of it, and we won the majority of it, and we were able to force it through. So the environmental regulation actually kept in place, but there are certain components where we actually wanted the trucking industry to provide health care for the independent owner operator drivers, because since they're driving and they're not able to structure their own time, many feel that they are now employees. If you're an employee, then you should have to pay for insurance and such. So that was the fight, and that was the fight that we lost in the Supreme Court. However, the environmental issues were there. When it comes to incentives, what we did is this all about air resource because the California, like I was saying, is so stringent on environmental regulation that we decided that we have to invest and create these incentive programmes to make sure that we encourage other folks to invest that way too. So we took a part of state grants, and we took a part of our revenue, combined it together to give these incentive to the private sector, because we need the carrot and the stick because most of the money will be borne by them. But later on once we're able to correct the pollution issue, and we're able to smooth out the process, we know that we're going to have increased capacity, we're growing the port, both ports, but we're growing it green, and we're lowering the carbon emission and the carbon footprints. So that way, you're actually expediting the process and we're seeing an increase in the cargo that's coming in producing more money for the local community. So it became a win-win situation, but if you look at the CTP, a Clean Truck Programme, for the Port of Los Angeles, and you can actually google it and there's a whole report about it, many sleepless nights, if you're not sleeping you can read through it, but it's not a smooth process, none of these policies I talked about were ever smooth and it took over 10 years to get to, I just have 20 minutes so I summarised and gave you the rosy version.

- Thank you very much, Stephen. Well, picking up on that theme of the sort of the broader environmental and other concerns, I have a question here from Slido, are our indicators, when measuring the economic growth of a city, too focused on the financials and not enough on the physical and human geography? So Stephen, if you'd like to answer that or our other panellists, please, please go ahead.

- We agree completely. It can't just be the financial aspect, because if you address only one issue, eventually, the problems are going to surface in another way. And that's why we had

enough experience to understand that you have to really have this holistic and comprehensive solution. And because of that, we actually have a lot of regulations within the Los Angeles region in California that people feel are too onerous, and that's actually chasing some of the businesses away and that many business are seeing as too punitive. So it's never a win-win situation for us in many ways, and I think the motto for many elected officials is that if you piss off everybody a little bit, you're actually winning . And if only one party is happy, you know you have other parties are going to be very unhappy with you. So, what we do is when we look at any project development, you actually have to have a community component to it. And we have systems in place, we have neighbourhood councils where if a project is going to go through, you should get the communities engagements and their approval before going forward to city council. So there are multiple steps that are in place. That makes the process extremely long and expensive, and that's one of the reasons that we're not able to get development as quickly as possible to create the housing solution that we want. However, it's a catch 22 situation. So we're really doing a good job because a lot of people are angry with the city. So unfortunately, that's coming at the expense of overall not having enough housing, but when we do have housing projects, a lot of times actually takes care of the community members in many ways. Not every situation, but I think there's a full effort attempt to make sure that there are components of it that takes care of the community.

- So maybe a kind of a long-term vision is really needed to address some of those issues. I mean, well being is obviously a very hot topic in New Zealand. Nick or Tony, would you like to comment on that question? No?

- Well, the well-being budget, of course, is coming up on May 30, and I wrote in my weekly commentary last week, don't come to us bank economists to give you greater insight into whether what the government is doing there is likely to affect homelessness rate or anything like that, because that's not where we've done our research over the years. But I guess what I'm looking to see from the well-being budget is the creation of a set of measures by which we can start to gain insight, actual insight, into where the areas of greatest failing, lack of success may lie, and it's only when you get that sort of insight, can you then start to direct resources, even on an experimental basis, towards those areas of need, as opposed to just some sort of blanket approach to everybody around the country, et cetera. So I'm looking forward to measurements of these aspects of well-being that we can actually make some decisions on starting in the budget.

- Great, thank you. Question from the audience. Please.

- Thank you. I'm Gloria from CNSST Foundation, formerly known as Chinese New Settlers Services Trust, and my question goes to Stephen. And as actually, your speech is quite inspiring, and informative, because I knew that you started from social work and now you're quite an expert in economic development sector. So for our organisation actually, to achieve the successful development, we always want to develop some social enterprising on top of the social services development. So we want to check with you, can you share with us about some

successful examples about social enterprising in Los Angeles? So are there any good examples that we can learn?

- Got it. Yes there are, it's always complex, so I'm trying to get you the simplest way to talk about social enterprises that have actually been successful. In the redevelopment process of downtown, so we have to step back about 20, 25 years, downtown Los Angeles after 4:30, you should not be there, you should leave right away, it's not a very safe neighbourhood and the community and the City Council decided they want to build a centralised location called La Live where it becomes the entertainment capital. Everybody was just laughing, and saying you're crazy, it's going to cost a lot of money and you're going to put it in the middle of downtown, this is too scary. They did it, but the thing is, they did it with a community engagement process as well, and they encouraged participation, speaking of the person who went to the La '84 Olympics. Just so you know, of all the modern history Olympics that's been happening, Los Angeles '84 Olympics was the last and the only modern Olympics to be profitable. And that money basically became a foundation and that foundation basically contributed back to youth sports development programme and produced sports players like Venus and Serena Williams. So this foundation, and their efforts, actually partnered with the development of the downtown area to make sure that there's access. As they're developing, some of the money goes back into the community so that they can feed into various programmes for the community. So it's a long complex process, but what they did is these major developers are working with local foundations and local partners and found them early on so that when they're proposing the project to city council as a full package, when we're developing this land, and we're working on these projects, we're not only benefiting us, but there're workforce development training programme, plus community benefits programme for children and youth. So that way, it becomes a community approach. It doesn't satisfy everybody because some folks are very angry about the development of more traffic in the region, and so what if you're helping these kids with their after-school programme, you're actually creating more. So there's always some, what we call NIMBY, Not-In-My-Backyard, and it's a huge, huge issue in Los Angeles. So that's one quick example, and we have many more I could share with you offline after this.

- Thank you very much, Stephen. I'm going to put a question from Slido now to Nick, if you don't mind. The question is, Auckland is getting richer, but homelessness is on the increase. What does the panel think is the solution? And of course, we've heard some of the great innovative approaches that Los Angeles has used, but Nick, do you think any of those approaches work in Auckland, what's the answer for us?

- To the extent I can talk about homelessness, my understanding it's actually a really complex issue in terms of trying to figure out the causes rather than a symptom of people, just getting people off the street. So why are they in the first place? And there's all sorts of interventions that are possible around people not ending up on the streets and homeless. I think one of the challenges, if I think about it from an Auckland Council point of view, is that it actually leads you into a whole lot of social policy that is not something the council really has a clear mandate and resources to tackle directly. But having said that, it's an issue that sort of goes to the place we

live in. And so we are all affected by it daily. So in many ways, I think, I'm aware of lots of trial programmes and activities to address homelessness. The Council itself, has recently developed a pilot around a bus that supports people who are homeless, and so on. I'm not answering the question, I do think one of the key steps in it in addressing homelessness is greater visibility, greater sort of understanding of the drive that leads to what is really a symptom rather than just getting people off the streets.

- It looks like you agree, Tony.

- Yeah, yeah, I'd look to the example of the Hamilton City Council, their approach, I think it's over maybe a two or three-year period, has been not to treat homelessness as a manifestation of some other problems that are going on and it's no use trying to get these people greater sort of education, addressing mental health issues, dependency issues, unless you first of all address the homelessness side itself, because if you just sort of address homelessness, but don't address the other underlying issues, they'll be back there on the street pretty quickly. And so they're looking at trying in addressing the homelessness, provide some sort of accommodation, but yet as soon as they've got those people into some regular sleeping place, that are a lot working these other programmes with them to try and get more towards the underlying factors which appear to have contributed to their unfortunate situation. They seem to be having some success, that's pretty much all I know.

- Anything to add Stephen?

- The comprehensive approach is actually necessary, what we call, to your points, we have something called the Housing First programme, Housing First, that's the first thing, you need to basically provide shelter. But the thing is, you also need comprehensive services. What we found is basically, there's an approach that basically, there's a let's place that homeless individual into housing. But if there are also underlying issues like a long-term mental health issues, including schizophrenia, it becomes very difficult for them stay in the housing. So also once they're in housing, there're also certain regulations and certain requirements. For example, they can't use substances, but for someone with substance abuse issues, and addiction, it's very hard for them to get out. So now you just forcing them on the streets again. So that's why we want to do a wraparound approach, doing comprehensive services. But you can imagine, housing, mental health, drug counselling, all these supportive services cost a lot of money. For 50,000 individual, it's going to be a huge issue for us to solve, so all I can say is we're trying, we don't have a handle on that yet, but we're actually trying to learn from other cities and other solutions as well.

- But it also underscores, I guess, that growth pace, we've got to get that right first, to be able to achieve these other broader goals.

- Are you saying get economic growth, and these other things will be improved?

- Not, not.

- No.

- As night follows the day, but if we don't have the resources to address some of those challenges.

- Nah.

- It's obviously.

- No, no, no, that won't work. No, that won't work. I mean, I have no history of studying inclusive growth, I only came across the concept between last week and say, I found I had the time to start preparing for this evening. And said oh my god, inclusive growth, what is that? And so obviously, in sort of the weekend going through various papers, Brookings Institute, academic papers, et cetera, looking at the idea of inclusive growth, which really only sort of popped up as a tune from about 2009 and it's risen because over the past 30 years, we've seen an increase in inequality within countries, not internationally, but within countries, and it's concentrated in the cities and the bigger the city, the greater the growth in inequality. Now, the economic growth we're getting around the planet now is focused in the cities, you can call them agglomerations, or whatever, growth with the technological revolution that we're living through is increasingly concentrated within cities, it will be more so in the future, but the growth in the cities is leading to increasing inequalities out there. And unless one actually develops some sort of programmes for specifically addressing those that are left behind, then the economic growth itself will actually simply leave more people behind, and you get increasing stratification of incomes, which are then distributed by stratification of urban locations as well, you get people who are living in the richer areas, and the people who can't afford there that are pushed out the further and further out, or essentially, in some New Zealand version of a ghetto, et cetera. So economic growth by itself will not lead to a solution and as I say, especially for the Auckland city situation, economic growth itself, it's going to generate more PAYE, GST and company tax that goes to the central government, not the local government. So it doesn't necessarily lead to a great increase in the resources available for socially-oriented programmes.

- I think we're in vigorous agreement, we definitely need both sides. Now we've got time for one final quick question if there's anybody desperate to put it to our panel, Thank you, sir.

- This bloke been waiting for a while and then we'll get the microphone to .

- Nigel, and I am an employee in a company of 500 people here in Auckland, which proudly says there are at least 40 nationalities in that company. So I understand a little bit about diversity. I've been to Los Angeles, 1971 and many times since, been in Auckland for the last 40 years. I have seen the enormous growth in both cities. I agree entirely what Stephen had said about what is happening here, Auckland being a kind of a mirror of Los Angeles, but smaller.

But I've all those slides, Stephen, that I saw, the one that sort of concerned me most was the one of the entire country. You showed on the West corner, or the West Side, was Los Angeles, big dark space, then almost all of the rest of the country's the east is almost empty. And my question is, do you think you need to bring the rest of the country along with the Los Angeles story? Are you doing anything about bringing the rest of the country along with the Los Angeles story? Do you think it's necessary to do that?

- We would love to lead by example. I think DC needs to bring the rest of the United States together and unite us. So what we can do is, because we don't have the jurisdiction to mandate and lecture other states and other regions, they all have their own unique individuality and that's why we respect respect them, what we're trying to do is show that our way of inclusivity and working together, and embracing diversity, it's actually helping our economy grow. And we want to share that pie with everybody else because a lot of times, L.A. might not be the right region for them, they actually need to reach a Chicago market, they actually need to reach a Kentucky market. So please go there, but sometimes they are facing issues. I was working with an investor and they brought their company into another state, I'm not going to name which state, and they also have an open carry rule, which means they can carry their gun. This family moved there with their company, they sent me a picture because apparently this grocery store with this person didn't like the look of immigrants in their neighbourhood. So he flashes gun with the wife and the young child there, so they were so nervous that they decided to quit that company and move to Los Angeles . So I think the lesson learned is that basically, sometimes with immigrant population coming in, and for Los Angeles with embracing it, because we're an immigrant region, but some other regions are not quite there yet, and we can't force them to. So we're showing them the way but now a lot of folks are looking at us like we're the elites of the East and West coast, and they can't relate to us. I don't agree with that, I think we can be one, but it's just we need to communicate effectively. But sometimes, let's be honest, we can be a bit smug, so it comes off, rubbing off the wrong way with some of the other countries. But I think overall, Los Angeles would love to work very closely with the rest of United States that we can share that prosperity with everybody else.

- Well, thanks so much. Sadly, we have run out of time for more questions, but I'm sure we could be here all night with these three fantastic speakers. I think we've heard a lot tonight about the importance of embracing diversity, of trying to ensure that we bring all of our communities along with us, the importance in particular, of infrastructure, I think it's been a theme that we've heard all the way through the comments tonight. And as part of that picture, of course, we need to generate the right sort of investment, whether locally or from overseas. So it's been a fantastic discussion, and I'd like to thank our three panellists, in particular Stephen for his great keynote address. Could you please join me in thanking Stephen Cheung, Nick Hill and Tony Alexander? And I think the panellists will also join me in thanking you all for coming out tonight and making this a great conversation. And also, of course, to those watching online, we really appreciate your generosity in joining in to try and find some solutions to these challenges. Now, our next Auckland Conversations will be on Making Auckland an Age-Friendly City, bit of a change of pace there. So if you'd like to come along, we would love to welcome you there. It will

be happening on the 13th of June at the Crowne Plaza, and if you'd like more information about that, or any other upcoming Auckland Council events, please go to the Auckland Conversations website. And meanwhile, thank you so much for coming tonight and enjoy the rest of your evening.