



**Speech at the opening of new premises for Nextspace  
Wynyard Quarter, Auckland**

**21 March 2012**

I am delighted to be here to celebrate the opening of these new premises, and I congratulate Gavin Lennox and his team for their commitment to Wynyard Quarter. Nextspace is an exciting, small but growing company showing what clever New Zealanders can do to turn ideas into commercial products; they are leaders in 3D digital imaging applications for town planning.

It is the symbolism behind this move that excites me. There is now a real determination to genuinely transform Auckland into an innovative city. It is not possible to imagine any way that New Zealand can succeed in a world where knowledge-driven innovation is becoming the major source of economic growth, unless a real innovation ecosystem develops in Auckland. The decision to make Wynyard Quarter a physical hub in a city-wide innovation plan involving the Universities, Tamaki and the food hub in Manukau, is critical step forward.

My message is simple: creating an innovation system needs more than just physical infra-structure; it is also about culture change. It is more than just a focus on physical infrastructure, as it needs a set of attitudinal changes in local and national government, the private sector and the public science sector. We are starting to see this appear: the reconstruction of the central ministries has started, Auckland city has started to put real effort behind the concept, and today we see one example of the private sector responding.

Today we celebrate the first innovation company moving into Wynyard Quarter, and I think it is well known that there is intensive planning going on regarding how to create a true innovation hub here. Auckland City, ATEED and Clyde Rogers and his team are to be congratulated on the work they are undertaking in planning the Quarter. A physical focus is so important in achieving the necessary cultural change because of its real iconic value. While our academic centres are essential to knowledge discovery and application, international experience shows the critical importance of building innovation hubs in the physical centre of business activity. There is also enormous value in using this centrality to create a statement to our whole city about our innovative future.

Let me give you a sense of what might be possible by reference to a recent visit I made to Canada as a guest of their government. A key focus of my visit was to better understand how Canada, with an inherently low-risk culture like New Zealand, had promoted innovation. One example stands out.

Waterloo is a region of only 500,000 people, and within 20 years has developed into the second largest generator of start-up companies in North America (only beaten by Silicon Valley). The locale now has many research-intensive companies including a number of multinationals. Four factors have created that ecosystem:

- the approach of the regional business and civic community, particularly through the chamber of commerce;
- the leadership and mentorship shown by entrepreneurs;
- the very innovative and non-possessive approach of the University in promoting entrepreneurship;
- support from regional and federal governments.

The collegial interplay between business leaders, academia and young entrepreneurs is remarkable, but could well be replicated here. The University of Waterloo has an industry-facing set of programmes in teaching without compromising its academic focus, and actively promotes student and staff entrepreneurship at every level. The University manages a regional science park somewhat like Tamaki which now has as tenants some of the most research intensive companies, as well as national research laboratories and private research labs.

But the key component is Communitech, an organisation that supports tech companies in the Waterloo region, which is both a physical and broader virtual entity. It started 15 years ago with several successful business people thinking about what they could do to promote innovation-focused SME growth in the region. They established a peer-to-peer mentoring programme. Over time, this mushroomed into some 40 support groups of different kinds. Now more than 800 companies ranging from multi-billion dollar companies to start-ups are in the network.

The physical headquarters is a refurbished building right in the middle of town—exactly like what might be envisaged for Wynyard Quarter—which contains meeting spaces, offices and work spaces for about 50 start-ups, University incubator space, offices of large companies like Google, knowledge service providers (such as intellectual property consultancies) and display areas.

The network now employs retired chief executives to act as mentors to over 300 companies. These mentors have become the providers of advice and recommendations to angel investors and venture funds. The result is more than 250 start-ups a year and a growing number of high value exits.

And of course that physical entity is now iconic in defining the region, and the culture of the entire region is changed. Lots of ambitious expanding companies—many with international reach—started small, just like Nextspace. Let us hope their move here is a real step forward—not just for them, but for Auckland.

Thank you.

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