

# ANZTSR Conference November 2002

The Relationship and Interplay between Local Authorities and  
the Community Sector in Economic Development

*or*

The Business of Economic Development is Business:  
or is it?

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# Local Government, Regional Economic Development and Community Organisations

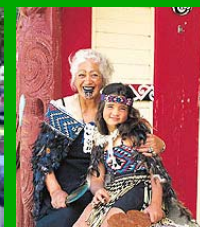
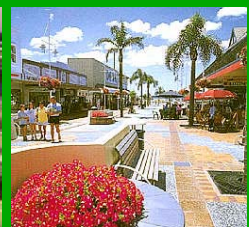
Our question:

- Is this a “new frontier” for local authorities and community organisations to work together?
- If it is, what is the opportunity?
- What does it mean in practice?



# What we will do in this session

- Explore this by looking at the ingredients in the economic development ‘mix’
  - the changing environment for economic development
  - economic development as it is occurring in local government (NZ)
  - international trends in economic development
  
- Discuss:
  - ‘So what?’ for community sector
  - any insights from comparing definitions of economic development and community development?







# The Basic Structure

## CENTRAL GOVERNMENT

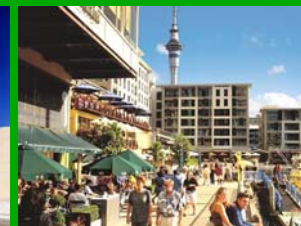
Regional Partnership Programme;  
business development & funding

## LOCAL GOVERNMENT

spearheads economic development strategies;  
Funds (may 'own')  
EDA

## EDAs

Run INZ business programmes;  
agents for other central government business development funding



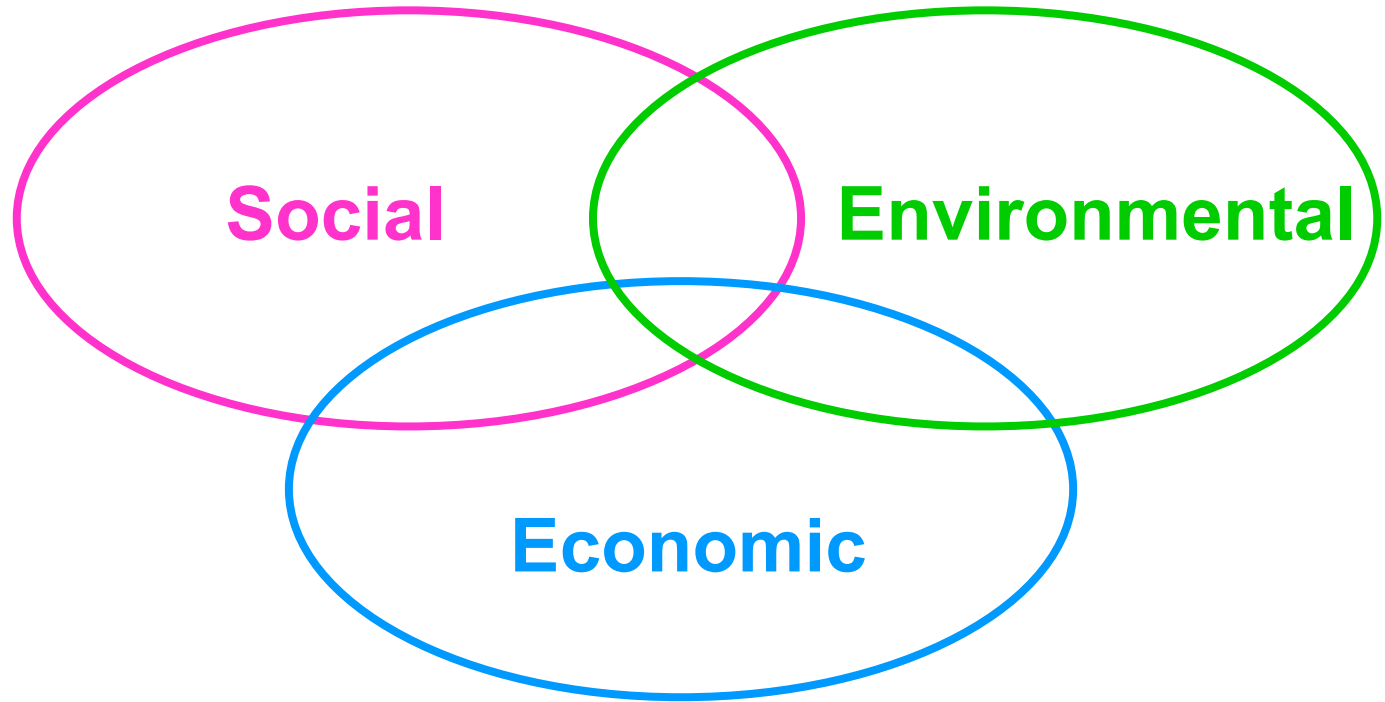


# The Current Climate for Local Government

- Leadership and partnership
- New Local Government Bill
- Public \$ accountability



# A Sustainable Future



# Why Local Government?

- Local authorities have the tools:
  - democratic mandate
  - provider
  - investor
  - regulator
  - facilitator
- Local authorities have the resources:
  - organisational capacity
  - research and information
- Legislative changes of recent years – wider role for local government
- Need for civic leadership in economic development





# The Traditional Approach

- Economic development seen in terms of:
  - Growth and development of business activity within a region
  - Concepts such as privately owned assets, capital, competitive markets, demand and supply, employment and the use of resources to create incomes and wealth
- Activities typically involving the local authority (via EDA or selves):
  - creating a business-friendly environment
  - Attracting new business to the region (start-ups or re-location)
  - Access to local / regional sources of capital
  - Programmes to develop SME capability and 'grow' them
  - Providing information to prospective investors
  - Attracting foreign direct investment

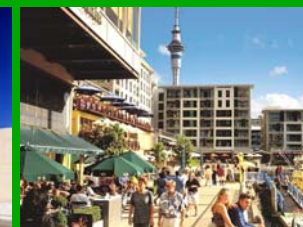


# Local Authority / Community Organisation 'Match'

## ***Local Authority Activity***

## ***Community Sector***

- |   |   |   |
|---|---|---|
| ➤ Creating a business-friendly environment                            |   | ✓ |
| ➤ Attracting new business to the region<br>(start-ups or re-location) | x |   |
| ➤ Access to local / regional sources of capital                       | x |   |
| ➤ Developing SME capability and 'growing' them                        |   | ✓ |
| ➤ Providing information to prospective investors                      | x |   |
| ➤ Attracting foreign direct investment                                | x |   |



# Auckland Regional Economic Development Strategy

## Key Points:

- AREDS vision – to see the Auckland region become “an internationally competitive, dynamic, and inclusive economy”
- Establishing partnership between “business, central and local government, Maori, Pacific Peoples, educationalists, migrant communities, economic development agencies and the communities of the Auckland region”
- Priority outcomes:
  - **Economic** “More participation: jobs and economic opportunities widely distributed”
  - **Social** “Safe and healthy communities”, “Reduce inequities”
  - **Environmental** “Natural environment”, “Urban amenity – great place to live”
- A process for improving our understanding of what drives our economy and applying that learning to future economic development actions





# International Trends in Economic Development

- Dramatically different world environment for regional economies:
  - From production-based to knowledge-based
  - Incomes and economic activity following “high human capital”
  - Means regions that succeed economically will be those most able to attract / retain highly skilled people
- Economic development strategies need therefore to move from firm-based to place-based:
  - investment in artistic and cultural infrastructure
  - upskilling opportunities
  - an environment of continuous learning



# City of Toronto Economic Development Strategy

## “People Power: The Knowledge Economy”

### ***Strategic Directions: Action Areas*** (Selected)

#### ➤ **Basic, Technical and Professional Development**

*Ensure access to best quality, relevant education and training programmes by improving linkages between business and universities, colleges, and private training institutes and service providers*

#### ➤ **Embrace Arts and Culture**

*Celebrate and support arts and culture as a key industry within the City and as the epicentre of creativity that inspire ideas and innovation in many fields and an important factor in retaining and attracting knowledge workers.*

#### ➤ **Architecture, Urban Design and Built Form**

*Increase attractiveness of Toronto as a place to live, visit and invest by improving overall quality of built form throughout the City*



# Economic Development: Local Government NZ

***“Economic development is a process that influences growth and restructuring of an economy to enhance the economic wellbeing of a community***

***It usually also increases the wealth of people over time.***

***Rather than being a single simple process, economic development typically can be a range of influences that achieve objectives like creating jobs and wealth, and improving the quality of life.***

***It can result from a number of coordinated initiatives that are targeted to expand infrastructure, and increase the volume and / or quality of goods and services produced by the community”***

Source: ***“Unleashing the Economic Development Potential of Our Communities”***  
A guide to Economic Development for Local Authorities prepared for LGNZ, 2001





# Economic Development: a US View

- ***Development entails***
  - the enrichment of material, social well-being . . .
  - increases in quality and quantity of public goods . . .
  - access to good jobs . . .
  
- ***Shared growth means***
  - broad distribution of opportunities for meaningful participation in the economy and enjoyment of the benefits of an increased standard of living
  
- ***Sustained growth means***
  - the above goals are achieved in a manner which allows the economy to achieve the same goals in the future

Source: “*What is Economic Development?*”, US Department of Commerce, Economic Development Administration



# Community Development: a New Zealand View

- Concerned with change and growth within communities
- Increases the well-being of communities
- Gives people power over change in their community
- Increases opportunities for participation
- Enables transfer of skills between people
- Develops self-reliance
- Builds organisational capacity and networks of community groups
- Ensures local ownership of projects and decisions
- Utilises local resources to solve local problems
- Increases the amount of social capital within a community

Department of Internal Affairs 1997

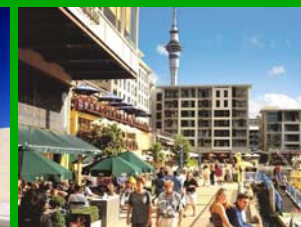
[www.dia.govt.nz/business/cdg/a\\_1.html](http://www.dia.govt.nz/business/cdg/a_1.html)



# Social Enterprise

From the Social Entrepreneurs Network, New Zealand

- Combination of local enterprise development and social innovation
- Maintaining balance between business development, environmental development and people and community development
- Application to development of low income and depressed communities
- Community-based and owned initiatives
- Mutually beneficial relationships between traditional business and local innovators and enterprise
- Developing local enterprise to profitability





# Key Points

- Successful economic development strategies need breadth – includes human capital, social capital, regional / local learning, quality of life
- Benefits need to be spread – initiatives that are sufficiently diverse to provide opportunities at all levels in the community
- New approaches to economic development seem to be complementary to community development



# Questions for Discussion

Overarching question:

Where do community organisations fit, or might wish to fit, into economic development?

Informing questions:

1. How is economic development the business of community organisations?
2. What are the ways to see their role?
  - As direct actors, eg social enterprise;
  - As development partners, eg participants in the development of economic development strategies
3. Is it useful to maintain a distinction between economic development and community development, or to integrate them?

