

# **MANAGING LOCAL ECONOMIC DEVELOPMENT**

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## **A CASE STUDY OF TAURANGA**

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# ABSTRACT

Modern cities worldwide are the hub of economic growth and development. Accordingly, the economic characteristics of cities play an integral role in the quality of life available to residents who live in them. Tauranga, consistent with many sun-belt cities, has recently experienced rapid population growth, primarily due to the climate and lifestyle it offers. Many agencies in Tauranga are undertaking local economic development activities similar to those being undertaken internationally. The purpose of this research was to understand the interplay between institutional factors and the management of local economic development in the process of sustainable urban development, with reference to Tauranga's recent rapid population growth. This was done by utilising a mixed method, critical research approach to explore how the local economic development process fits within the broader city planning context. Tauranga proved to be an effective case study, due to its arguably unique approach to local economic development.

The research findings suggest that typically population growth in Tauranga has been attributable to its natural features, and that future economic development will occur through planned and active encouragement to ensure adequate infrastructure and service provision. Numerous organisations work on different aspects of local economic development. A collaborative, partnership approach assists in aligning the activities of these organisations, encourages participation and limits unnecessary repetition. The findings suggest that managing local economic development appropriately can assist in achieving sustainable development outcomes. They also suggest that in Tauranga there is potential scope for increased involvement from the bottom and that planning for local economic development should be a pro-active activity. It was found that it is valuable for local government to be involved in, but somewhat removed from, the local economic development process. This has led to the conclusion that the relationship between the agencies involved in local economic development and the local government (who, in New Zealand, are responsible for economic well-being and urban planning) influences the level of success in working toward sustainable development outcomes.

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# ABBREVIATIONS

<b>EBOP</b>	<b>Environment Bay of Plenty (Bay of Plenty Regional Council)</b>
<b>LED</b>	<b>Local Economic Development</b>
<b>LGA</b>	<b>Local Government Act 2002</b>
<b>MED</b>	<b>Ministry of Economic Development</b>
<b>NZTE</b>	<b>New Zealand Trade and Enterprise</b>
<b>RMA</b>	<b>Resource Management Act 1991</b>
<b>TCC</b>	<b>Tauranga City Council</b>

# Chapter 1

## Introduction

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*“In the current economic climate, creating the right environment for economic development is vital to countries and communities. Local government increasingly plays an important part in this, as one of the main promoters and facilitators of local economic development across the Commonwealth” (CLGF, 2010).*

### 1.1 Establishing the Research Context

Modern cities are the hub of economic growth and development. Cities as we know them today emerged as a consequence of processes of the industrial revolution and remain the predominant location of new economic activity (Davis and Henderson, 2003). The economic argument explaining the urbanisation phenomenon is that people move to cities, or stay in cities, as they seek to increase the opportunities available to them and consequently improve their quality of life (Wu, 2010). However, the result is not always positive, and there are numerous negative externalities of rapid urbanisation that have been experienced worldwide (Alene and Worku, 2009). Planning practitioners play a role in this in terms of facilitating how cities grow and develop. Local economic development involves working at the local level to create an environment within which quality of life can flourish. As economies and economic activity are integral to the functioning of city life (Fainstein, 1991) it is of interest to explore how the management of planning practise and local economic development activities occurs at the urban level.

Tauranga, in New Zealand, has recently experienced rapid population growth. In 1941, the population of Tauranga was a mere 3,910; this increased nearly ten-fold to 36,951 by 1981 (Dept. of Statistics, 1981). It was however, the growth after this period that is most notable with the total population of Tauranga city reaching 100,000 in 2004 (Dept. of Statistics, 2006). Urban growth, if it is rapid, disorganised or unplanned, has the potential to have negative impacts on health, infrastructure, social equality and many other aspects of city life. Tauranga exemplifies some of these issues by being the least affordable city for home ownership in New Zealand, based on average incomes and house prices (key informant 10; Recsei, 2010). It also appears that population growth has exceeded the rate of economic growth (key informant from PriorityOne) which presents unique challenges and enhances the local development imperative.

In Tauranga there is a variety of groups working, together and independently, on local economic development activities. There has, however, been little academic interrogation into the impacts the population growth and economic development activities are having on the city and how the city is managing to develop alongside this growth. Consequently, this research undertakes a case study of Tauranga, exploring how local economic development fits within the context and process of city planning.

## **1.2 Identifying the Research Problem**

It has been argued above that the economic characteristics of cities play an integral role in the quality of life available to residents who live in them. It has also been suggested that Tauranga is facing a rapid population growth and could benefit from local economic development activity. In order to develop a response to this problem, the objective of this research is **to understand the interplay between institutional factors and the management of local economic development in the process of sustainable urban development, with reference to Tauranga's recent rapid population growth.**

Accordingly, this study examines how the local economic development process fits within the broader city planning context and the overall development of the city. The identification of this objective has led to the development of four specific research questions, presented in Table 1 below. While the research questions are quite distinct, the findings from each question are directly related and are considered collectively in the Conclusion Chapter in order to provide a sound response to the research objective.

**Table 1 Research Questions**

- 1) What are the principle driving forces behind urban growth and economic growth in Tauranga and what accounts for the differences between these two forms of growth?
- 2) What role does local and national economic, community and political institutions, agencies and organisations play in facilitating local economic development in Tauranga?
- 3) Is the management of local economic development in Tauranga aligned with the concept of sustainable development?
- 4) What lessons can be learnt from the Tauranga case study regarding the management of local economic development?

The research questions have been purposefully designed to logically move both the researcher and the reader through the research project, from understanding the general growth of the city through to insights on the specifics of local economic development activities and implications within the subject area.

The purpose of the first research question is to understand how Tauranga has grown in terms of both population and economy to date, and how these factors are expected to develop into the future. The second question identifies who is involved in local economic development activities in Tauranga and the role undertaken by these people and organisations. The third research question is relevant within New Zealand's current planning legislation, as it is bound by sustainable development. It assists in identifying whether local economic development activities in Tauranga are undertaken in accordance with the prominent planning principle of 'sustainable development'. Finally, the fourth research question evaluates the process of local economic development management in Tauranga and assesses the viability of applying it elsewhere, or whether improvements could be made to it. A consideration of the findings from the four research questions as a unit provides insight, and formulates discussion, for more specifically addressing the research objective.

### **1.3 Defining Local Economic Development**

As discussed in detail in Chapter Two, local economic development is an ambiguously defined concept. For the purpose of this research project and associated research and analysis,

the working definition which is used is defined by the five key characteristics which have emerged from reading the debates on local economic development (these debates are presented in section 2.3.1). As illustrated in Figure 1 below, these five characteristics are: 1) working on local issues at the local level; 2) working collectively or in partnership; 3) public involvement and participation; 4) supporting a diverse economic and employment base; and 5) promoting innovation and entrepreneurship.



**Figure 1 Working definition of local economic development**

## 1.4 The Research Approach

A variety of strategies have been utilised in order to answer the research questions. This research is one of inductive critical enquiry and this has informed the development of the research process. A predominately qualitative approach was chosen, however elements of quantitative research were deemed appropriate, forming a mixed method research structure. Phase one involved a number of preliminary interviews with key actors in the local economic development and growth management community in order to identify the key issues which exist. Following on from this, an in-depth review of academic literature and a content analysis of a range of documentation was undertaken. This was valuable in providing direction to the current research project. Primary qualitative and quantitative data collection occurred over a number of weeks. This involved semi-structured interviews with twenty-three key informants, email contact with a further two key informants, the completion of a survey by fifty-three local businesses and the completion of another survey by 101 local residents. The data analysis techniques involved coding and categorising the qualitative data and a basic



Following this analysis, Chapter Three provides an outline of the methodology and methods selected. It explores a range of philosophical and theoretical frameworks and justifies that a mixed method, inductive critical enquiry process was most appropriate to interrogate the research questions which have been detailed in this chapter. A mixture of both primary and secondary research methods have been utilised. As outlined in section 1.4 above, a thorough literature review and document analysis has been undertaken, which has been complemented by numerous key-informant interviews and local business and community surveys.

Chapter Four introduces the case study area, Tauranga. Key characteristics of the Tauranga urban area are a recent experience of rapid population growth, an aging population and an economy in transition. Associated with this is a unique collaborative governance approach. Succeeding this, Chapter Five contains the results from the primary research process. In association with an analysis of relevant documentation, a description of the key themes and ideas raised during the semi-structured interviews with key informants is provided and an explanation of the results from the business and community surveys. This section identifies that there is a relatively ‘hands-off’ approach from the central government in terms of the management of local economic development and that a variety of approaches are being undertaken by organisations at the local level.

A discussion of the research findings is provided in Chapter Six. This discussion identifies the relationship between the research findings and literature review (as presented in Chapter Two) as it seeks to answer the defined research questions (outlined above). Finally, the research project is concluded in Chapter Seven. In this chapter the research objective is acknowledged and an evaluation of how the current research project has addressed this objective is presented. Chapter Seven also presents areas that have been identified for follow up or future research interest.

# Chapter 2

## Literature Review

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*Economies provide the opportunity for employment and services, governments have the ability to provide infrastructure and organisational frameworks, cities are growing rapidly, economies are evolving and sustainability is at the forefront of peoples' mind (statement based on summary of the following review of literature).*

The statement above provides a concise summary of key themes that have emerged from the literature that has been explored for this study and that is presented within this chapter. The purpose of this literature analysis was to identify the existing knowledge base and debates and consequently develop a meaningful and relevant research project. The purpose of this chapter is to present the research, theory, concepts and ideology that exist with regard to the management of local economic development and the process of urban growth management based on sustainable development ideals. The literature that has been evaluated covers a range of experiences and the discussion is based on four areas of international literature:

- 1) Urbanisation – exploring the history, processes and impacts of urbanisation;
- 2) Local economic development – investigating definitions, key activities, the role of institutions and the theoretical basis of local economic development;
- 3) Urban planning – examining town planning frameworks and the role of planners in regard to economic development; and
- 4) Sustainable development – considering the evolution of the sustainable development paradigm and its relationship to local economic development environments and activities.

### 2.1 Exploring Urbanisation

Exploring the process of urbanisation and the associated theories is an integral component of this project. This is because the problems faced in many cities are the consequence of the processes that are understood to constitute the urbanisation paradigm. This section seeks to explore some of these ideas and identify the existing knowledge base and how local economic development may be associated.

Rapid urbanisation, also referred to as city growth and rapid urban population growth, is a phenomenon that deserves, and receives, much academic attention. This is likely attributable to the fact that “between 2007 and 2050, the world population is expected to increase by 2.5 billion, passing from 6.7 billion to 9.2 billion” (UN, 2008: 1). During this time the total global urban population is predicted to surpass the rural population (which has already occurred in developed countries) (UN, 2008; Beall and Fox, 2009). This will undoubtedly place increased pressure on urban areas as they absorb both the natural population increase and participants in rural-to-urban migration. As a consequence, it can be expected that the role of the city will continue to increase in importance. Already, there are considerable disparities between the size of cities, the infrastructure and services available within cities, income distribution and, consequently, the quality of life for city dwellers (Williamson, 1965; Black and Henderson, 1999; Beall and Fox 2009). This pattern of uneven population distribution that exists today is predicted to continue and become more pronounced.

Urbanisation is occurring much more rapidly in the present day than it has historically (Beall and Fox, 2009). Henderson (2009) makes the comparison that an urbanisation level of 60-85% has been reached by developed countries over a timeframe of a century to a century and a half, while this same level of urbanisation is more recently being realised by developing countries in as little time as two to three decades. Therefore, it can be assumed that, in general, developing countries will be facing a range of impacts and outcomes from the urbanisation process that differ from the experiences of the developed countries (Beall and Fox, 2009; Henderson, 2009). The implications of this growth are explored in section 2.2.3 below.

## **2.2 Explaining Urbanisation**

Rural-urban migration is the primary cause of urbanisation. This phenomenon occurs as rurally based people seek the (perceived) improved living conditions urban areas have to offer, often as a result of the potential availability of job opportunities (Wu, 2010). This proposal, that migrants move to jobs as opposed jobs being created where people have moved to, is supported by the findings of Partridge and Rickman (2003) who undertook research in the global North. The city’s role as provider of most non-agricultural production also helps to explain the urbanisation process (Black and Henderson, 1999). This is enhanced by the notion that “urbanization is driven by the shift from agriculture to industry and modern services” (Davis and Henderson, 2003: 99). To summarise this premise; as the economy changes from being agriculturally based to industry and/or service based, the employment opportunities

shift geographically, from predominately rural locations to predominately urban locations. This causes people to move to urban areas as they seek employment.

This process causes the creation of new cities or growth in the size of existing cities (Black and Henderson, 1999). It was found that in the United States, although the urbanisation process is associated with an increasing number of cities (the creation of new cities); it is the established cities that are experiencing the highest rates of population growth. It was found that the industrial or economic base of a city influences its size and the human capital (in terms of skill and quality) that is located there (Black and Henderson, 2003).

The exploration of this economic theory partially explains why people move to urban areas. According to this theory, the activity that precedes human migration is the establishment of businesses (providing employment opportunities) within the (soon to be, if not already) urban areas. Black and Henderson (2003) discuss the importance of agglomeration economies of scale in attracting businesses and industries to locate in cities. This refers to the increases in efficiency that is experienced as businesses requiring similar support services (for example distribution outlets) are located near one another, or the ease of sharing knowledge between like businesses when they are located within close proximity to each other (Henderson, 2009). Black and Henderson (2003) argue that the specific city a business establishes in is the result of an evaluation of urban diseconomies, such as costs of commuting, and the agglomeration economies of scale. The idea of agglomeration economies of scale is discussed further in section 2.3.10 below.

Based on the association between economic drivers and the urbanisation process outlined above, it can be argued that urbanisation is, at one level, an economic process. This premise is supported by the findings of a number of key pieces of literature (Farley and Glickman, 1986; Black and Henderson, 2003; Partridge and Rickman, 2003). However, it is imperative to note that this is not the only argument to explain urbanisation, and the phenomenon is likely attributable to a variety of factors. For example, Turok and Parnell (2009) reason that Africa's urbanisation is being driven by poverty issues, conflict and demographic change as opposed to industrialisation and economic opportunities. As this study is undertaking a case study within a developed country, it is maintained for the purpose of this project that a relationship between economic drivers and urbanisation exists.

### **2.2.1 The form of cities**

It can be argued that cities compete for population growth in order to maintain a constant or increasing rate of urban economic growth. Likewise, the industry/economy that exists in an urban area influences the cities size. In conjunction with this, the industries and production patterns that exist within a city will depend on the characteristics of the city – for example their size (Black and Henderson, 1999). Therefore, it is a ‘chicken or egg’ situation – why did industry first locate in a city where there was no like industry or service provision. Evidence in the literature suggests that the move to urban areas was initiated by large industries which naturally attracted the necessary associated businesses. This is in accordance with the argument of agglomeration economies of scale. Despite the economic, political and social changes that have been occurring for the past half-century, “the relative size distribution of cities has remain[ed] rock stable” (Henderson, 2009: 529). It seems that the structure of cities is now entrenched and stable (as explained by Zipf’s Law, see Gabaix, 1999). There are many more small settlements compared to few large settlements (Black and Henderson, 2003) and this makes sense based on the Pareto distribution rule (see Rossen and Resnick, 1980).

Henderson (2009) suggests that different sized cities are most suitable for different purposes. However, there are “limits to what constitutes acceptable or efficient city size” (Meyer, 2000: 11). Following this theory, urbanisation is a result of people moving to cities for employment. Employment is a function of the number and type of businesses in a city. Based on this, it is argued that large cities exist due to positive externalities (scale economies) that arise from agglomeration and city sizes are limited by the diseconomies of scale that arise from large urban areas.

A variety of urban growth and decline trends and city forms have been examined. Of these there are three trends / city forms that are most relevant to this study: 1) the rise of the sun-belt cities, 2) post-industrial cities and 3) port cities.

#### **Sun-belt Cities**

Abbott’s (1981) book (although thirty years old) provides valuable insights into the development of the sun-belt phenomenon. The notable growth of cities around the southern and western coasts of the United States post World War II prompted acknowledgement of the sun-belt phenomenon. This process occurred alongside the decline of the old industrial belt, and saw sun-belt cities receiving increased federal support, economic diversification and a shift towards the new economy. This phenomenon has resulted in a shift of economic power

within the United States to these areas (Abbott, 1981). In accordance with the notion of sun-belt cities, Glaeser and Gottlieb (2009) found that it is possible to correlate the growth of cities in the United States over the past fifty years with summer warmth.

### **Post-Industrial Cities**

Some processes associated with the sun-belt are similar to those identified in the rise of the post-industrial city, such as the emergence of new industries, technological change and the impacts of globalisation (Hoyle and Pinder, 1992). Post-industrial cities are those whose economies have diversified away from the manufacturing and industry associated with the period of industrialisation. Meyer (2000) argues that while the city has always added value through the division of labour and specialisation, historically it was the productivity of the hinterland that was the primary economic factor influencing the location of cities and the skill base provided within the cities. Based on this argument, Meyer (2000) surmises that the economic explanation for urbanisation is more valid post industrial revolution than prior to it. Although industrial and post-industrial cities are not as dependent on the availability of natural resources, they are often based on the location of old cities where there is an established population base (these cities were located based on the availability of resources) (Meyer, 2000).

### **Port Cities**

Port cities evolved for different reasons to sun-belt cities, and there is not one trend that occurs within these cities (Yusuf and Nabeshima, 2006). Suykens (1989) identified that the port was initially the primary function of many great cities. Port cities pose a range of issues for urban planning. A growth in port activity and the associated investments in infrastructure have positive effects on the local economy, while a reduced reliance on port activities obscures the future role of the port in the city. Historically the success of cities was dependent on the success of the transportation links, particularly the port. As Hoyle (1989: 429) noted, “coastal cities generally owe their origin and redevelopment to the port function”. However, “the urban component frequently reaches a stage of self-sustained growth; a variety of manufacturing and service industries being attracted by locational factors which have little or nothing to do with the port function” (Suykens, 1989:437). There is, in many cities, a separation of city from port occurring and consequent waterfront redevelopments being undertaken. To summarise, the port-city relationship is important and cannot be ignored when considering economic and planning functions.

### **2.2.2 Urbanisation and economic growth**

Urbanisation influences the form of economic growth, and the structure of economic growth influences the urbanisation process (Williamson, 1965; Black and Henderson, 1999). “While urbanization per se does not cause development, sustained economic development does not occur without urbanization” (Henderson, 2009: 515). To summarise arguments identified in the literature, it is clear that it is difficult to distinguish the causality between urbanisation and economic growth.

While there is no uniform global trend of economic growth as one could argue about population growth, there are areas experiencing this phenomenon. There are also areas experiencing economic decline (World Bank, 2004). Worldwide there have been changes to the structure of economies. The rise of the post-industrial period in the United States resulted in a lack of ability for cities to compete in the global manufacturing and industrial markets. People have been losing their jobs and the growth rate is declining (Farley and Glickman, 1986). These occurrences are described by some writers as the consequence of ‘shocks’ (Black and Henderson, 2003) or ‘traumas’ (Meyer, 2000). Shocks to industries can have a significant impact on the growth a city (Davis et al., 1996 in Black and Henderson 2003).

Much literature focuses on the value of specialisation, but this is paralleled by a set of literature considering the role of diversification in encouraging growth (Black and Henderson, 1999). The literature supporting diversification explains how this is a beneficial component of a city structure, as it decreases the impact of sector specific shocks on the performance and growth of the city. The value of specialisation and diversification is discussed in the section on local economic development (see section 2.3.10).

### **2.2.3 Impacts of rapid urban population growth**

A range of positive and negative impacts of rapid urban population growth have been documented and researched. The most common approaches that have been undertaken in assessing these impacts, within the literature reviewed for this research are exploring:

- The spatial planning implications (identifying where people are going to live and work and the infrastructure requirements)
- The social planning implications (identifying whether there are groups in society who are being favoured or excluded and what changes are likely to occur to the demography)
- The economic implications (identifying what economic structures will support the new urban environment and what the impacts on economic indicators may be), and

- The physical environmental implications (assessing the impacts population growth is likely to have on the physical environment).

It is argued by Turok and Parnell (2009: 173) that “with appropriate policies, urbanisation could become a more positive force for human development and give people a better chance to live fuller, healthier lives”. Currently the perceived predominant positive impacts are improved individual incomes, access to resources and enhanced economic performance. Black and Henderson (1999) found that based on a United States city with endogenous economic growth and exogenous population growth, the external economies of scale and knowledge spill-over’s resulting from agglomeration (see section 2.3.10) had positive impacts on individual incomes and the spatial distribution of the city (Black and Henderson, 1999). In addition to this, a number of growth models have been developed which demonstrate that a correlation exists between the level of urbanisation in a country and per capita income (as explored in Henderson, 2009: 517). These models are based on the assumption that human capital will be transferred from non-urban employment (such as agriculture) to urban specific employment (for instance, manufacturing and services) (Henderson, 2009). This supports the notion by Farley and Glickman (1986) that industry has changed from predominately agricultural, to industrial, and more recently to creative/knowledge based. It has been proposed that spatial income inequality follows a cycle. At the early stages of urbanisation, a significant increase in inequality between regions within a nation was observed. As the urbanisation and development process advances this regional inequality decreases (Williamson, 1965; Henderson, 2009). Likewise, it has been witnessed that as countries urbanise, the ease of connection between locations improves economic development, reduces the costs of providing public services and makes dealing with environmental problems easier (Turok and Parnell, 2009).

Although the process of urbanisation is intended to be positive, based predominately on favourable economic outcomes, the process has also resulted in numerous negative externalities. Ooi (2009) explores this concept by questioning the sustainability of the rapid urbanisation in China and notes that traffic congestion, slum formation, air and water pollution and resource depletion have been exacerbated simultaneous to the urbanisation process. Henderson (2009: 516) goes as far as to say that “rapid urbanization is traumatic”.

As urban population growth is, and will continue to be, heavily concentrated in the least developed countries, it is worthwhile to provide an overview of the issues specific to these

areas. The rate of global population growth is declining and the rate of population growth in more developed regions is notably less than that of less developed regions (1975 – 2007: 0.33% growth in developed countries compared to 1.51% growth developing countries and; predicted 2025 – 2050: 0.24% growth compared to 0.78% growth (UN, 2008)). Ethiopia, the second most populous country on the African continent, finds population growth is making issues associated with extreme poverty significantly more difficult to deal with. The belief was that something needs to be done at the institutional level in order to reduce the population growth rate to enable poverty to be tackled more effectively (Alene and Worku, 2009). It is possible to apply these findings to the experience of urbanisation for the growing, least developed urban areas. The impacts of urban population growth are of a varied extent, depending on the location in question. While the most extreme negative externalities are most pronounced in least developed countries, they can also be witnessed at differing scales even in the most developed of nations.

Although urbanisation is fundamentally a consequence of economic processes, numerous non-economic impacts result as a consequence of urbanisation. One positive social impact of urbanisation is the finding that cities give rise to improved educational achievement (Black and Henderson, 1999). William (1965) notes that as a country starts to develop, interregional inequality follows a pattern of: 1) a rise in inequality followed by 2) a decline in inequality. This has both positive and negative effects; however most of the focus in the literature is on the social impacts that are negative. Many people believe that by participating in the urbanisation process they will attain a better quality of life. However, urbanisation has been observed to be synonymous with higher poverty levels and substantial conflict and fighting (Alene and Worku, 2009).

Many of the economic impacts of urbanisation have been discussed above. The most notable impact is the income disparity that exists, and this seems to be exacerbated within urban areas. There are also economic impacts in terms of public-goods provision. For instance, infrastructure will be provided more cheaply per capita to areas with high population than areas of sparse inhabitancy. However, urbanisation that focuses solely on the rate of urbanisation, and fails to take into account the quality of the process, results in inefficient resource use (Wu, 2010). Urbanisation that is undertaken, or allowed to occur, in an unrestrained manner can have negative environmental impacts such as the overuse of energy resources, excessive pollution and unnecessary or inappropriate land use (Wu, 2010).

Commonly noted impacts are excessive water use, increased pollution and resource depletion (Ooi, 2009).

#### **2.2.4 The role of institutions in the urbanisation process**

The concept of urban development is often used interchangeably with the concept of urban growth. However, this is not entirely, or always, correct. An analysis of growth and development literature, such as the brief one undertaken above, leads to a clear distinction between the two. While growth and development can occur simultaneously, the existence of one does not necessarily implicate the other. Generally speaking, development is associated with the quality of actions and outcomes, while growth refers to the quantity of actions and outcomes.

Black and Henderson (1999: 279) argue that “urban institutions could lead to efficient growth with the internalization of local knowledge spillovers, but implementation faced significant problems”. In this instance, it is likely that ‘efficient growth’ has the same interpretation as the term development. Therefore, Black and Henderson (1999) are arguing that institutions can have an influence over the quality (as well as the quantity) of growth that occurs. In another of his articles, Henderson (in Davis and Henderson, 2003) concludes that while institutions do impact on industry location, the policies created by institutions (for example local government) are not directly responsible for the initiation the urbanisation process.

It has been argued above (in section 2.2.1) that there is an ideal size for a city to be depending on its function. However, this does not necessarily happen in the free market. Therefore, achieving this comes down to the role of policy and legislation, as outlined in section 2.3 of this chapter. One institution that can do this is national government via the use of policy instruments. It is this role of national government policy that can go some way to explaining the differences that exist between the process which led to the development of developed countries and the process that developing countries are currently being subjected to (Henderson, 2009).

There is also a great deal of discussion within the literature about the ability of governments to make policy which impacts on the inequality or prosperity of cities within a country, as it is contended that governments favour certain cities or regions. This is often in the form of creating policies which attract businesses, and therefore labour, such as superior provision of public goods or easier access to import/export licenses. It is also argued that there is often an

element of corruption as politicians/decision makers favour the areas in which they live in terms of improving living conditions (Davis and Henderson, 2003).

### **2.2.5 Conclusion to the review of urbanisation literature**

Resulting from this exploration of the literature it can be argued that urbanisation is an economic process reacting to, and facilitating, a change in industry from agricultural to industrial to the new economy of the present day. People make the choice to follow employment opportunities, which - particularly since industrialisation - leads them to urban areas. This has numerous social, economic and environmental implications. These are especially notable in developing regions that are currently experiencing a very rapid urbanisation.

Despite the magnitude of the problems and the issues developing regions face, these areas will not be the focus of this study. This is because, arguable, it is equally as important to study the impact of growth in developed regions. Fundamentally, this means exploring ways to provide the most positive living environment for urban communities. This research aims to create a bridge between the social, economic, spatial and physical areas of study and this will happen as the notion of growth is integrated with the concepts of development and sustainability.

## **2.3 Exploring and Contextualising Local Economic Development**

“Cities have the potential to function as sources of economic dynamism by virtue of the concentration of productive activity, entrepreneurs, workers and consumers in one place” (Turok and Parnell, 2009: 159). In section 1 of this chapter, the role of economic growth and development was found to be a contributing factor to the urbanisation process. Following this it is appropriate to consider how urban and economic development is situated within the literature. In addition, this section seeks to acknowledge the debates that exist regarding the purpose of local economic development, identify theoretical ideas and explore a variety of local economic development approaches that exist. Preceding this discussion, it is valuable to acknowledge a note in an opinion article from Hartwich (2008:1) that “the acknowledgement that planning and the economy are closely linked is relatively new”.

### **2.3.1 Defining local economic development**

Local economic development is a current, popular concept with a contested meaning. Broadly speaking, local economic development relates to the increased level of control exercised over

economic development by local urban agencies, this includes local business, local government, community organisations and non-governmental organisations. There is not one single strategy or action which comprises local economic development; instead it is a term to describe the local initiatives that respond to development needs at the local level. In other words, the focus is on using local people with local approaches for local outcomes (Stohr, 1990). Stohr (1990: 3) states the local economic development can be recognised by identifying “initiative” and “entrepreneurship”, which are two key concepts that will be discussed in a later sub-section.

The World Bank describes local economic development as follows:

*The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation (World Bank, 2010:online).*

Similarly, Zaaijer and Sara (1993: 129 in Nel, 2001) define local economic development as “essentially a process which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area”. The overall purpose is to create an economic structure that facilitates and enables an improving quality of life.

Local economic development is based on the idea that economic development can act as a mechanism for initiating development in the broader sense. This is supported by other descriptions of local economic development, including that by Blakely (1989) which focuses on the role of local economic development in achieving a stable local economy and providing a diverse economic and employment platform. Blakely and Leigh (2010) in their updated edition acknowledge that to pursue pure growth is not sufficient, instead the focus needs to be on development and quality of life. Their recent definition is local economic development is achieved when a communities standard of living can be preserved and increased through a process of human and physical development that is based on principles of equity and sustainability (Blakely and Leigh, 2010: 75). The key idea that emerges from the variety of definitions is that local economic development is a concept that extends beyond focusing on economic growth. It is about creating development within the locality that improves the quality of life for the citizens. It recognises that a necessary

component of this is the provision of employment and the generation of income so the area can afford desired, improved and necessary services, facilities and infrastructure.

Understanding and working for a specific local area is an integral and defining feature of local economic development. Conroy (1975: 45) states that “urban and regional economies may grow at very rapid rates, in terms of output, employment and population without increases in the average level of income if migration brings in new labour force from lower wage jobs elsewhere”. This quote highlights the idea that pure economic growth is not synonymous with improvements in the quality of the growth. Traditional economic growth theory does not consider the role institutions can play in economic development (Rodriguez-Pose, 2010). Modern economic geography takes into account the impact of new industries (technology, creativity and innovation based) and the effects of education on economic development (see the discussion of new economic geography in section 3), and therefore the role economic development can play in communities quality of life.

Local economic development is a subset of what Kresl (2007) has labelled strategic-economic planning. Strategic-economic planning is a combination of two fields which have been fairly distinct in practise throughout history: strategic urban planning and strategic economic planning – “this is, economic planning but from the specific standpoint of the enhancement of the relative competitiveness of an urban region” (Kresl, 2007: 3). The idea of strategic-economic planning encompasses more than local economic development specifically – it is argued to be of benefit at a wider level (for instance, national over local). Key elements are efficient use of resources and quality public participation. It is argued that the framework that surrounds economies and the evolution of economic development initiates urbanisation; as a consequence of this the cities role is changing. These changes can be planned for and taken advantage of via strategic-economic planning. Furthermore, this idea of strategic economic planning is closely related to that of place competitiveness, the role of partnerships and other strategies, which are explored in depth in section 2.3.3 below.

### **2.3.2 Community economic development**

Within the literature, the concept of community economic development is closely related to local economic development. The purpose of community development is also to improve the quality of life of the members of the community. This is broader than specific community economic development (Blakely and Leigh, 2010). Most of the case studies in the literature focus on the application of community economic development in the least developed

countries or struggling communities (Clay Jr. and Jones, 2009). Whether the focus is on, for example, job creation, the affordability of housing, crime or education provision, community economic development can play a role in creating strength within a community to begin to make progress on these issues. The idea of community economic development can be traced back to the early 1900's and generally follows the history of social movements (Clay Jr. and Jones, 2009). However it is only in recent times that the potential of the role of communities in local economic development has been given significant academic attention. Similarly, Smith and Beazley (2000) explore the potential for a community dimension to local governance.

Community economic development is not limited to struggling areas. Squazzoni (2009) evaluates the role of 'community development corporations' in North America. The main function of these corporations is to solidify the relationships between "corporate business, civic organizations and public agencies" (Squazzoni, 2009: 501). Community development corporations can quite simply be understood as an appropriate and effective intermediary between the community vision and those who are able to undertake the action required to achieve the vision. They play a different role to businesses as their governance structure is fundamentally different: instead of reporting to a board, community organisations are reporting to the community (or representatives of it).

Squazzoni (2009) differentiates between those organisations which are simply informal community groups and more structured and formal organisations, which often have the involvement of professionals. There is debate among researchers about the effectiveness of community organisations for facilitating local development: positives include the ability these organisations have to cultivate action from the community; negatives include the issue of not being able to represent every person's view with a single voice. It is also noted that it is difficult to apply the findings from one case study to another setting (Squazzoni, 2009). The traditional view is that the economic prosperity of a region is based solely on the transportation links and natural resources accessible and available. While these features do impact on the nature of a region's economic growth and development, it is possible for cities that do not necessarily have these features to become economically prosperous (Florida, 2004).

The discussion that follows explores how urban areas are able to capitalise on any natural and location features they have. It also goes beyond this to explore how other actions can be

undertaken in order to create an economically prosperous environment, for example by focusing on human capital. It provides an introduction to a range of local economic development activities as opposed to an explanation of how to undertake them.

### **2.3.3 Key local economic development activities**

There are a number of activities which are undertaken in the process of developing the economy of a locality and “different cities will have different strengths and weaknesses requiring different development strategies” (Meyer, 2000: 29). For example: locality development; business development; human resource development; and developing creative cities. These distinctions, which structure the discussion below, are based on the division of local economic development activities as defined by Blakely (in his 1989 edition, and again in Blakely and Leigh, 2010).

#### ***Locality development***

Locality development is often considered a role of town planning as opposed to a component of local economic development; however the two are fairly integrated. Locality development is an essential element of local economic development as it is, at least partly, responsible for acting as an economic development stimulant (Blakely and Leigh, 2010). Local governments may acquire land to be reserved for defined local economic development activities, improve the amenity of the public realm, and provide landscaping and infrastructure for industrial and commercial land in order to encourage the establishment of economic development activities. “One very broad conclusion seems to emerge: investment in urban development and infrastructure (whether done by public or private agencies) should be an integral part of most national economic development programs” (Meyer, 2000: 29).

Zoning is one of the most visible planning tools for locality development for enabling local economic development. Zoning can be used to foster the creation of ‘clusters’ or to facilitate the existence of predetermined proportions of economic activity – for instance: land specified for educational activities, industrial activities and commercial activities (Blakely and Leigh, 2010). Urban renewal and improvement is an element of locality development for local economic development. It influences the type, quality and quantity of economic development attracted to the locality. Inner-city revitalisation is a common application of this concept. Housing development is an important component of the urban renewal and improvement concept. It must provide for the variety of needs of the people in the community, and also the associated services to provide for the households (Blakely, 1989). Provision of community

facilities is included in locality development. This includes numerous diverse services that range from car-parks and public bathrooms to school holiday programmes and museums and art galleries to visitor centres (Blakely, 1989).

However, the focus needs to be on more than simply the physical environment. It can be argued that cities which foster business development enhance economic growth and development. Therefore, business development is another form of local economic development that needs to be examined.

### ***Business development***

It is important to have a 'climate' conducive to business development (Blakely and Leigh, 2010: 267) in order to provide an environment which has the potential to improve peoples' quality of life. Blakely and Leigh (2010) identify key business development tools which should enhance the local economy. There are numerous, however three of the most commonly discussed tools in the literature are business support centres, research and development and business clusters (Blakely, 1989; Blakely and Leigh, 2010). Business support centres foster and encourage business growth and development (McCann, 2001). Research and development has evolved in an attempt to combat declining economic growth rates, as experienced in the United States (see the section on economic growth) (Farley & Glickman, 1986). Research and development is one of the key components of the new economic geography. It results in the focus of economic development being on developing new and/or more efficient and effective ways of carrying out production, providing goods and services, and any other area of the urban environment which can benefit from innovative developments. Business clusters are a tool that is widely discussed in the literature. They are justified through using the explanation of agglomeration economies of scale. Business clusters are thought of as a magnet for other like businesses to locate within the same urban area (Perry, 2009). In order for businesses to be able to undertake their desired activities, they need to have an appropriate pool of employees available to them. Therefore, human resource development is an important component of local economic development.

### ***Human resource development***

This is an important component, as people need to 'keep up' with the skills required for emerging growth sectors in order to maintain skilled employment, and therefore decent income and quality of life, arguably the overall purpose of local economic development. Human resource development can involve enhancement of educational opportunities, the

facilitation of job placements, specifically client-orientated job creation and projects which work to encourage the maintenance of jobs into the longer term (Blakely and Leigh, 2010). As well as the skill gap, a locality gap can emerge as employment opportunities move from one location to another (Blakely, 1989). This integrates with the local economic development concept as local economic development strategies aim to attract and retain businesses which provide job opportunities for residents. Human resource development is especially important for the integration of current residents into the future economic structure, which is likely to be based on knowledge industries (Yigitcanlar, 2008). This requires a different skill set to the traditional industrial market, and opportunities need to be available for people to participate in this up-skilling. Human resource development has benefits beyond those directly experienced by the individuals and businesses. As certain areas become specialised in a certain trade or industry, an accumulation of knowledge is found to exist. This is known as localised knowledge accumulation (Henderson 2009: 519).

Focusing on improving the quality of life for urban residents can go beyond simply providing an environment conducive to educational and employment opportunities. For a city to be able to attract and retain an adequate pool of employees, the city must be a desirable place for the necessary and relevant people to live in. This idea is exemplified through an exploration of the notion of creative cities.

#### **2.3.4 Creative cities and the creative class**

Cooke & Lazzeretti (2008) highlight the notion of creative cities, and members of the creative class, being integral components of the modern economy (as part of new economic geography). The idea of a 'creative class' was researched and publicised by Richard Florida in a number of essays and books. The argument is that such a thing as a 'creative city' must exist in order to attract the 'creative class', which comprises the people who have the skills necessary to participate in thriving modern industry (Florida, 2005). This concept has created a wide array of debate among academics and planning practitioners, with many understanding and supporting the concept, and many others finding flaws in the application of such an idea (Ponzini and Rossi, 2010).

Ponzini and Rossi (2010) support Florida's fundamental idea, that creating 'creative cities' will attract the so-called 'creative class' and be beneficial in that area of the economy. What they question however are the impacts this sort of planning mind-set has on those who are not situated within the 'creative class'. It has been found that there are negative impacts for those

of a lower socio-economic standing in terms of their quality of life and the opportunities that are available to them as the focus of urban planning and development is on the needs of this 'creative class'. The main critique of local economic development focusing on this concept is that it ignores other, potentially more needy, sections of society (Blakely and Leigh, 2010).

### **2.3.5 The role of government authorities**

The emergence of local economic development has been paralleled by a shift in the role of local government. The emergence of local economic development as a popular tool has partially occurred as a result of the global phenomenon of de-centralisation in the current era. The Local Government Act in New Zealand (see section 5.3.1) has parallels all around the world. It has become the role of local authorities to ensure that their designated areas start, or continue to, grow, develop and evolve in an appropriate way. The necessity and success of decentralisation is a topic that a number of authors discuss. Local authorities had to combat a number of diverse, significant occurrences: the 1970's economic crisis; economic and social decline of certain neighbourhoods; and changes in demography, state provisions, the implications of globalisation and environmental requirements (Gubala, 1992). Turok and Parnell (2009:158) suggest that much planning and actioning is often best undertaken at the local level "because of superior local knowledge, responsiveness and accountability". Central government is better placed to plan strategically for the long term (Turok and Parnell, 2009). However, economies and urban life are not always confined by legislative boundaries. This is suitably exemplified by looking at a night light map, as by the location of the lights (which illustrate cities and economic activity) there is nothing to suggest administrative boundaries (Kresl, 2007). Some local government bodies have taken on local economic development as a part of their inherent role (Blakely and Leigh, 2010).

### **2.3.6 Beyond the role of government**

Local economic development is not simply about the role of the local government. Where there is a weak response from those charged with development and growth management, either overall or in certain areas, the community must respond to achieve the desired outcome. Put simply, there is not one single way to undertake local economic development and different approaches are appropriate for different scenarios.

Participatory management, empowerment and partnerships are required in order to successfully involve the private realm in urban development management (Smith and Beazley, 2000). In one sense it is the role of the local government to provide an environment

that encourages participation from the community – that is both businesses and the general public – those who can help make a decision and those who are affected by the decisions. Some question the validity of partnerships which are initiated from the ‘top’, these are often perceived to be beneficial for those at the top as opposed to truly empowering the community (Raco, 2000).

In other situations the local government does not need to facilitate participation, as some communities take it upon themselves to assume action. This is known as community based development, the same idea as described above in regards to community development corporations in the United States (Squazzoni, 2009). If members of a community feel that their community is lacking in some area, community members can initiate a process of organising some form of community action.

Another scenario when local government is not required to facilitate local economic development is when non-governmental organisations undertake this activity within an area. Nel (1997) provides an analysis of the role of non-governmental organisations in facilitating local economic development in South Africa. In the case studies analysed, the community provided no funding of its own, with the non-governmental organisation relying on successful applications for external grants and funding, and the government supporting one particular initiative. It was found that most of the benefits from the initiatives undertaken were only experienced in the short term (Nel, 1997). While strategies such as those facilitated by non-governmental organisations can support community level local economic development, care must be taken regarding how the initiative fits with the overall national policy and economic development framework to enable its prolonged success.

### **2.3.7 Partnerships**

Partnerships and growth coalitions are frequently discussed in the literature (Watson, 1995; Carley, 2000; Gibbs et. al., 2001; Lerner and Butler, 2005; Ewing, 2007; Mason, 2007). Based on the international literature, the provision of community facilities is becoming more reliant on the private sector and the establishment of partnerships. This is because councils are limited by funding constraints, which can, as a general rule, only be increased by increasing rates and taxes. As Hutchinson and Foley (1994) note, partners join in partnerships in order to realise their own agenda. To this end, partnerships are complex tools to be utilised in planning and local economic development.

Halliday et. al. (2004) identified the need for systems to be developed in order to evaluate the effectiveness of partnerships, to ensure the best, and most appropriate, benefits can be derived. Similarly, Smith and Beazley (2000) developed a 'wheel of involvement' which can be used to evaluate the level of success of a partnership (based on ratings of community involvement). "The move to multi-sector partnerships as the vehicle for delivering urban policy objectives has created the opportunity for greater community involvement" (Smith and Beazley, 2000: 855). The success of a partnership is often reliant on a balance in the power structure as partnership can range from those where the leader dominates decision making, to those where the partnership develops an identity of its own, which gives each partner the power to have equal input. Levels of democracy and accountability are key elements which influence the success of partnerships (Hutchinson and Foley, 1994; Smith and Beazley, 2000).

### **2.3.8 Institutional thickness**

Rodriguez-Pose (2010) argue that the differences that exist between institutions in different places go a long way towards explaining why the same policy cannot be applied with the same degree of success in all locations. "The bottom line of these views is that adequate, solid, and efficient institutions are essential for economic development at a local or a regional scale" (Rodriguez-Pose, 2010: 9). A lack of institutions means that only a certain few people are responsible for achieving outcomes, and therefore are not representative enough to create outcomes that all in the community will be satisfied with. Therefore, having a wide range of institutions in an economy, referred to as institutional thickness, is likely to result in the most successful local development.

The role of institutions has increased in importance since the process of globalisation has exacerbated, and places are facing greater competition with each other (Coulson and Ferrario, 2007). Despite this consensus within the literature that institutional thickness is a necessary component of successful local economic development, there is minimal consensus on what an 'institution' actually comprises. What is agreed is that there are many different forms of institutions, including formal and informal, but all play a valid role in creating depth in the structure of the developing community (Coulson and Ferrario, 2007).

### **2.3.9 Key role players**

A predominant finding from the literature is that successful local economic development often relies on key people, institutions and agencies. As discussed above, a local government committed to achieving positive development can be a key element. However, it appears that,

to a large degree, successful local economic development results from a partnership between the organisations and/or businesses and/or the local government. Therefore, businesses are not only a recipient of the outcome of local economic development processes, they are also a key facilitator.

Corporate social responsibility is one explanation for why businesses participate in activities that may not be directly beneficial to them. Corporate social responsibility is the idea that integrated into business models is the requirement to act in a fashion that promotes equity, sustainability and positive externalities for the business, the staff and the wider community (Visser et. al., 2010). That is, looking into the long-term impacts of their actions and how the benefits of investments are likely to outweigh the initial costs. Corporate social responsibility is often witnessed through the development and implementation of community development strategies, which are a close relation of local economic development strategies.

There are also socio-economic institutions which facilitate local economic development, such as the local Chamber of Commerce (Blakely and Leigh, 2010). These institutions are particularly responsible for the support of the 'business development' component of local economic development. They also provide a forum for businesses to network. These institutions are interesting because they do not specifically represent the views of the local government, nor the local community. They have a mission and role which is institution specific, which is often in line with the greater good.

Another key idea that has emerged from the literature review is the value of 'significant' individuals. These people are described variously as key social agents or urban entrepreneurs (Walzer, 2004). These people are necessary for initiating local economic development strategy exploration and undertaking. "For example, one community may easily be mobilized because there is a clear pattern of leadership, while another has virtually no identifiable leaders" (Blakely and Leigh, 2010: 106). Sometimes these people have got specific knowledge or skills that they believe could be applied to improve the urban situation. Others may simply notice a deficiency in their community and be passionate enough about the issue to want to take action. Furthermore, others may see areas of potential growth and/or improvement that may be possible in an area.

### **2.3.10 Theoretical basis**

The concept of local economic development is grounded in, or links closely with, a number of established economic and urban planning theoretical ideas. This section evaluates the relationship of local economic development to the following seven theoretical ideas agglomeration economies, specialisation and diversification, neo-classical growth, endogenous growth, bottom up initiatives, the localities approach and globalisation and glocalisation.

#### ***Agglomeration economies***

It is argued that cities exist as a result of agglomeration economies. Agglomeration economies are based on the notion that dense areas are more productive, which is perhaps attributable to reduced transportation costs and easier flow of ideas (Glaeser and Gottlieb, 2009). Quality infrastructure provision is valuable in terms of place competitiveness, and as a city grows, opportunities to utilise the tools of agglomeration and clusters increases (Kresl, 2007). The benefits of close physical proximity are also witnessed through easier communication. Cities provide a pool of labour for employers to utilise and the sharing of economic inputs. Social interactions occur frequently in cities, resulting in what is termed ‘knowledge spill-over’s’ as ideas are easily transmitted between people and organisations (Rosenthal and Strange, 2003; Jofre-Monsey, 2008; Glaeser and Gottlieb, 2009). Rosenthal and Strange (2003) posit that the concept ‘agglomeration economies’ suggests that cities comprise a concentration of economic activity. Some cities result as a cluster around raw materials, while others develop as clusters built around special industry or knowledge bases. The effect of one city’s activities on another city depends on the distance apart of the cities. It is difficult to measure economic success at the local level, approximating the value of economic agglomeration can be undertaken using unemployment and wage data (Shearmur and Polese, 2005).

#### ***Specialisation and diversification***

Economic diversification is often sought and encouraged. However, while diversified economies may have grown fast, diversification does not imply fast growth (Shearmur and Polese, 2005). Speciality can promote growth within a particular sector (Shearmur and Polese, 2005), while it has been identified that specialisation has been associated with higher rates of unemployment (Rosenthal and Strange, 2003). There are benefits to each approach. Rosenthal and Strange (2003) argue that the local competition associated with specialisation encourages innovation, while diversification encourages growth and business start-ups. Specialisation can occur within diversified economies, for example, Seattle is “a large,

diversified Metropolitan area that incorporates specialised industrial cluster” (Shearmur and Polese, 2005: 275). The question of whether specialisation or diversification has the greatest large scale impact is unsolved because studies have diverse findings. The answer to this depends on the nature of the business activities in question (Rosenthal and Strange, 2003; Jofre-Monsey, 2008).

### ***The neo-classical / exogenous growth model***

The neo-classical approach argues that the free market will reach natural equilibrium without interference (Blakely and Leigh, 2010). This is “a growth model in which there are diminishing returns to each factor of production but constant returns to scale. Exogenous technological change generates most long term economic growth” (Todaro and Smith, 2009: 838). This model is not in accordance with the principles of local economic development, for example, the creation of many low wage jobs would be considered positive; however in terms of local economic development, fewer higher quality jobs would be considered a better outcome (Blakely and Leigh, 2010).

### ***Endogenous growth theory***

Comparatively, endogenous growth theory is directly related to the local economic development concept. This theory assumes that increasing human capital and (simultaneously or consequently) technological capability will induce economic growth as production becomes more efficient. The economic system of a locality will be self-sustainable as opposed to relying on external markets and inputs (Vazquez-Barquero, 2002).

### ***Bottom-up development approaches***

As the ‘key role players’ section above argued, community based groups and local people are a primary ingredient in the implementation and execution of local economic development strategies. These people and groups challenge the traditional approach of decision-making that comes from the top (Squazzoni, 2009). This is especially important in poorer communities, as a stable community base is required for people to acquire the resources they need, such as financial support, however the sense of community is often lacking in the modern world (Woolcock, 1998). The local economic development process aims to overcome this lack of community and instead reap the benefits that are possible from the bottom-up approach.

***The localities approach***

This is the classical approach for explaining why people and businesses locate where they do. It is based on the notions of economies of scale and the benefits that ensue from agglomeration – when similar businesses and people locate within the same vicinity they can make use of similar inputs they require, increasing efficiency and reducing cost. Elements from this theory relate to this study and assist in explaining why and how cities develop in the manner they have, and do, in relation to the way local economic and urban development programmes progress. (Conroy, 1975; Blakely 1989, McCann, 2009). A common idea in the literature is that of a changing economic geography. As technology becomes more important, it is argued that the value of place has become less important (Porter, 2000).

***Globalisation and ‘glocalisation’***

It may seem strange that it is now argued that the concept of local economic development is closely related to the concept of globalisation. This section has supported the argument that local areas must somehow compete for investment in this global era, be it for service provision, industry location or any number of other desirable elements of a city. Glocalisation is the idea that urban areas must somehow provide for the local communities needs while competing in a worldwide market and keep the economy performing successfully (Le Heron, 2009).

**2.3.11 Conclusion to review of local economic development literature**

This review of literature on local economic development has led to an understanding that local economic development can be identified as activities which are based locally, mobilise local resource and skills, promote economic diversification, training and new forms of organisational development. While local economic development attempts to satisfy the needs of the urban area, it also identifies and defines the need for the provision of new services, infrastructure and other public provisions. Ultimately it has been argued that successful local economic development has the potential to improve quality of life. It is possible to look beyond solely the role and activities of agencies and organisations, to the framework within which local economic development is occurring. There are a variety of country, regional and city level variables which influence if, how, and with what success local economic development is able to occur.

A key aspect that emerged from this analysis of the literature is that innovation is a key to success in improving the quality of life for communities. The variety of tools, approaches and

techniques that have been evaluated above can be enhanced by the integration of unique (but well justified) tactics. In addition, this research seeks to explore how this concept can be applied to improve the quality of life for people in rapidly growing areas – in terms of both population and economic growth. This will be a valuable process as most literature on community development is based in areas that are facing poverty, economic decline or other experiences that are detrimental to the peoples' quality of life.

## **2.4 Urban Planning and Local Economic Development**

It is generally accepted that town planners are not usually directly involved in local economic development activities, as they are primarily responsible for land use zoning and infrastructure provision (Fainstein, 1991). However, a transition to involvement in local economic development activities has recently been witnessed, this is explained below. This section seeks to explore the ways in town planning influences the process of local economic development. This will serve to both assist in establishing and contextualising the primary research component of this project.

### **2.4.1 From traditional town planning frameworks to modern day planning**

Traditionally, planners have been primarily focused on land use planning (Goodman and Freund, 1968; Fainstein, 1991). By citing Goodman and Freund's 'Planning Principles' book of 1968, one is able to understand the essence of the evolution of town / urban planning in the mid-1900's. This enables a comparison to where urban planning is situated today. Town planning, in the sense of purposefully locating buildings, infrastructure and other elements of human life, can be dated back to the nineteenth century and earlier. However, the overview in the book "The Evolution of British Town Planning" by Cherry (1974) clearly explains that the formal role of planning evolved and developed through the earlier parts of the twentieth century.

Planning as a profession grew as a response to many social issues, including housing needs and civic design requirements. The planning occupation was solidified and became more 'political' prior to the First World War as the practice became further integrated with other professions such as architecture. The first British Town Planning legislation was enacted in 1909 (Cherry, 1974). "Town planning was essentially a reactive development; while it aimed at the future, its immediate concern was a response to the past and present" (Cherry, 1974: 7). The focus of the 'Housing Town Planning etc. Act 1909' was on the quality of health and

housing in the development of new housing areas. Town planning in the United States of America was emerging around the same time as in the United Kingdom, with professional planners being involved in both local government and private roles (Goodman and Freund, 1968). It took some time for local authorities to take responsibility for metropolitan level, as opposed to the smaller local level, planning.

Population growth rates have been a constant challenge for town planners, who must find the most appropriate way to facilitate, manage and/or control the impacts of this growth. Along with industrialisation came some of the first prominent planned towns – as employers established accommodation for their workers. Industrial philanthropists played a major role in this, such as George Cadbury who established Bourneville from 1879 until 1895, and William Level who established Port Sunlight in 1888 (both in England). The purpose of these towns was for economic benefit; to house the workers for their factories, developed by those who recognised that providing healthy living situations meant healthy workers provided this positive externality for the workers/residents (Ashworth, 1951).

Beyond this, there have been numerous other planners who have made a lasting impression on the Town Planning profession. Camillo Sitte became well regarded for artistic planning, while Ebenezer Howard was responsible for the Garden City movement (instead of putting factories in cities and using the crowded labour force there, he promoted moving the factories and the people to more sparsely populated areas) (Davies, 1993).

New Zealand has followed a similar path to the United Kingdom and the United States of America. The first New Zealand Town Planning Conference in 1919 focused on housing and health (similar to its international counterparts) (MIA, 1919). At this first conference, as planning as a profession did not exist, it was attended by other land use orientated professionals, suggesting that the term ‘planners’ is not simply limited to those who have studied and are employed in planning; it involves all those who undertake a similar role (MIA, 1919). Since the establishment of the Resource Management Act (1991), planning in New Zealand has (in theory, but debatably in practice) become more focused on sustainability, integration and public participation.

It is argued that Leon Krier was responsible for influencing the more modern town planning movement of new urbanism (see Krier, 2008). This idea is almost a reversal of traditional planning as it gives the community a power not seen in earlier traditional planning projects.

New urbanism seeks to achieve enhanced social, economic and environmental outcomes which have been degraded by historical planning practises such as sprawl (Kelbaugh, 1997). These ideas influence the way planning is currently undertaken and how it has evolved to where it is today. Planning for the future requires making places that were planned for the past fit what people want now and for the future. Therefore, understanding the process preceding the present is essential for understanding how to plan for the future.

The role of the planner has transformed as a consequence of changes to the planning environment (Sehested, 2009). There have been two key changes which have affected planners 1) A shift toward sustainable development as an explicit goal and 2) a change to a new economic geography. Briassoulis (1999: 879) states that “sustainable development is the ultimate planning goal although it is not usually specified what it means exactly and how it is to be achieved”. Similarly, Steele (2009: 195) notes that “planning in Queensland has undergone significant changes”.

Sehested (2009) suggests that changes in what is being demanded from the political arena has caused planners to shift from focusing on developing detailed plans and regulations to a “hybrid” role, responsible for collaboration, coordination, communication, management and development. The identification of the “hybrid” planner is not un-common; a distinction frequently identified in the literature is that of the technician-planner, the politician-planner and the hybrid-planner (Briassoulis, 1999; Steele, 2009). The “essential integration of the economy-society-environment interactions cannot be simply a technical exercise but is a politically and socio-culturally informed task” (Briassoulis, 1999: 896). Explaining this progression of the planning profession assists in understanding the role of planning today.

#### **2.4.2 Planners involvement in economic development**

Conventionally, “urban planners concerned themselves with the economy only through the functional designation of physical areas within the city as industrial or commercial rather than any direct involvement with the economic development process” (Fainstein, 1991: 23). One of the key tools for planners in achieving land use outcomes has been zoning for land uses. “Zoning became to planning what the sacraments are to the Bible – a visible sign of grace.” (Goodman and Freund, 1968: 23). These kinds of functions are still important, however, more recently there has been a shift in the planning profession. The shift has moved from focusing purely on the regulation of land-use and that spatial element of planning, to a focus on facilitating development (Fainstein, 1991).

A move to become more involved in the economic development process has more recently been witnessed. The cause of this significant shift in perception and reality for planners has been the changing economic environment supporting urban areas. Fainstein (1991) argues that along with this shift in function, planners have moved from a long-term focus to one which is more concerned with the derivation of short-term benefits. This is also politically motivated, as politicians want to see development outcomes in a short time frame (i.e. before the next election). However, this idea contradicts the premise that planning is now fundamentally rooted in the sustainability and sustainable development principle, which has a very long term outlook (see section 2.5).

Successful local economic development will result from carefully and cleverly developed land-use planning rules and regulations. Often planning is criticized for being too restrictive (as opposed to enabling). Blakely states that it should “not be to prevent the worst things from happening but rather to get the right things to happen.” (Blakely, 1989: 140). “Within the United States and Great Britain, the focus of planning has switched from regulating to promoting development” (Fainstein, 1991: 22).

Fainstein (1991) argues that planners have become more involved in deal making and negotiations, and less so in land-use planning as the focus has moved to facilitating private investment. “At the urban scale, the neoliberalised agenda has emphasised enhancing economic competitiveness by securing growth and accumulation within the context of globalisation” (Steele, 2009: 191). Economic and social problems are often associated with a ‘spatial focus’. For example area decline and associated regeneration programmes are often site specific, for example ‘inner-city’ (Smith and Beazley, 2000).

With cities facing changing economic prosperity, some booming, some declining, some remaining relatively stagnant, cities need to ensure they have a role in the future economic landscape (Cox and Mair, 1988). While the main thesis from Cox and Mair (1988) explores the conflicts and competition between localities, it is fair to say that there is an emphasis on the form of interest local governments have in local economic development. Many businesses and organisations involved in vying for trade, production and distribution are concerned with the decisions of local government in terms of their own planning. This is because the rules, ideologies and plans from local government have the power to facilitate, regulate, promote or discourage further expansion of industry activity. The provision of adequate and even

superfluous (desired) infrastructure has the same effect. This connection between business and local government can occur a number of ways: through a representative of the firm being directly responsible for planning related activities, or, as is common among smaller and like firms, via a representative group, for example a Chamber of Commerce (Cox and Mair, 1988). The reliance on local government (as they make the urban planning decisions) is emphasised as the role of localities increases in importance as localities (for example an urban area) are increasingly required to compete with each other in the globalising environment. The provision of an appropriate climate for attracting and retaining businesses and development can essentially come down to the role of planners.

Cox and Mair (1988) note that as well as businesses, firms and industries, people develop attachments and reliance on built environments. In order to maintain peoples' well-being, this locality dependence must be taken into consideration. When providing for economic development, planners must take into consideration the social impacts these changes (whether physical or policy) may have (Cox and Mair, 1988). Therefore, planning initiatives impact upon social (in)equality, and social exclusion. Fainstein (1991) argues that this new motive has made planners less transparent in their actions. This is because they are now becoming involved in the facilitation of something which is very political and it is subjective as to what the best outcome is.

It is frequently argued that in conjunction with the increasing impacts of globalisation, the role of place is becoming less important (Porter, 2000). This is argued on the premise that places are losing their sense of distinctiveness, that the global level economic and financial activities have many broader reaching local impacts. Urban planning has retaliated against this phenomenon, with the development of a number of strategies for regaining, retaining and emphasising the role and value of specific places. For instance, the 'Slow Cities' movement, which was started in Italy in 1999 aims to promote the local distinctiveness, sense of place and consequently improved quality of life of member cities through focusing on environmental protection, urban design and quality, use of local products and education (Pink, 2008). Urban regeneration and gentrification are primary examples of what can be done within existing cities, through planning, to improve the well-being of the residents and attract and retain more business.

### **2.4.3 Conclusion to the review of planning literature**

As discussed, various authors have focused on different aspects of the evolution of the role of urban planning. Through an analysis of the literature, it is understood that the role of urban planning has evolved to its current point that includes an emphasis on acknowledging, if not providing for, economic development. This is fitting with the traditional role of urban planning (which initially focused on health and housing) as it has the purpose of providing for the well-being of local citizens. This study seeks to explore how this idea exists in Tauranga.

## **2.5 Sustainable Development**

As argued below, sustainable development is a driving principle of urban planning. Consequently it is necessary to understand this principle in order to effectively explore the management of local economic development as a tool for managing rapid urban growth. In order to do this, the sustainable development paradigm is defined and evaluated. Relating to this research project specifically, the concepts sustainable economic and urban development are considered in turn. Accordingly, this section provides an overview of an analysis that has been undertaken of sustainable development literature, with reference to planning and links to local economic development.

### **2.5.1 The evolution of the sustainable development concept**

Consensus within the literature is that the definition within the Brundtland Commission report is the most widely applied definition of sustainable development. The Brundtland Commission definition is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED 1987: 43). Variations of this definition exist in different publications as the definition is modified by various academics, researchers and practitioners who are searching for different and (potentially) more comprehensive ways of defining sustainable development.

The concept of ‘sustainability’ was made popular via the publication and distribution of this Brundtland Commission Report (Our Common Futures) in 1987 produced by the World Commission on Environment and Development. This document was a result of the United Nations Convention in 1983 and provided the background for the Rio Declaration at the Earth Summit in 1992. It is often portrayed that the issues that initiated the inception of sustainable development in a formal and defined manner were a result of industrialisation (Mebratu, 1998). However, the way sustainability has been incorporated into urban planning since its modern inception in the 1970’s can be related back to the fundamental principles of early

modern planners, for example Patrick Geddes, who may not have used the same word, but whose fundamental ideas parallel those underlying sustainable development (Brown, 2006). “Think Global, Act Local” is a key idea embedded in the sustainability concept but was actually first published early in the twentieth century (Geddes, 1915).

Based on this notion, sustainability has been an underlying doctrine throughout history. Land use regulations, and other planning tools are aimed at sustaining healthy urban developments. These have existed for many decades within many cultures. To exemplify this point, two diverse examples can be introduced: the use of indigenous techniques to protect agricultural production; and planning regulations implemented by business owners and upper-class citizens during the time of the industrial revolution (Brown, 2006). It has been argued that throughout history, human life has adapted in order to accommodate increasing population numbers, and civilizations have in fact been destroyed as a result of the overuse of the resources available to the - in other words – unsustainable practise (Mebratu, 1998). The idea of sustainability can also be interpreted as being present in other disciplines, far preceding the production of the Brundtland Commission report. The most palpable example of this is the economic theory of limits, coined by Thomas Robert Malthus (1798). While valuable to identify these debates, they fall beyond the scope of this study.

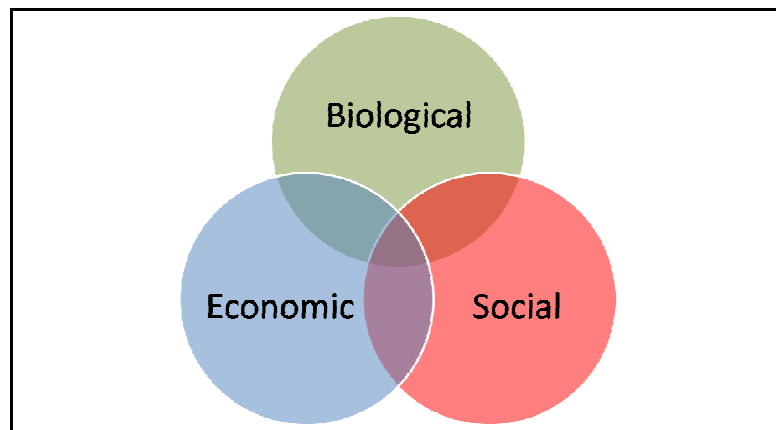
### **2.5.2 Interpreting sustainable development**

The term ‘sustainable development’ has been embraced internationally and nationally by government, local government, non-governmental organisations and people who are concerned with development, aid and/or the environment. However, it is unclear how sustainable development is best put into practise: sustainable development is “intuitively understood by all but still very difficult to express in concrete and operational terms” (Briassoulis, 1999: 879). Despite this, sustainable development is on the agenda, “the question being asked is no longer ‘Do development and environmental concerns contradict each other?’ but ‘How can sustainable development be achieved?’” (Lélé, 1991: 607). This sentiment highlights the regard sustainable development has attained, no longer just being considered as a potentially useful concept, but one that has been extensively accepted and on which work is being undertaken to learn how to implement.

However, the concept of sustainable development is often ill-defined, vague and ambiguous (Daly, 1990; Lélé, 1991; Mebratu, 1998; Parris and Kates, 2003; Williams, 2004). Therefore, it is imperative to explore the various ways sustainable development has been defined and

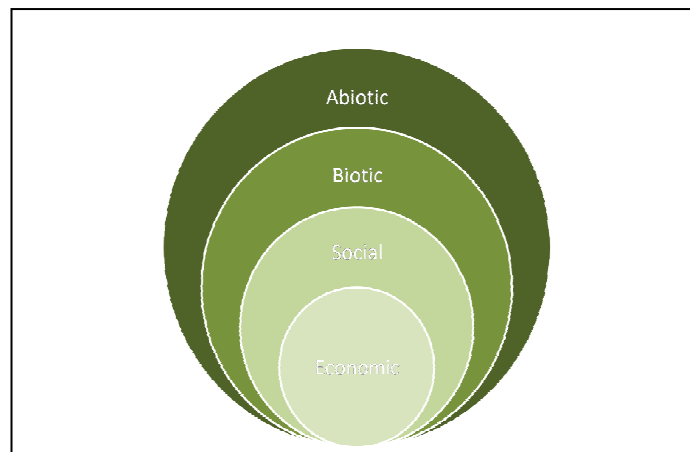
practised in order to make an informed evaluation to establish how this elusive term will be understood for the purpose of the research that is being undertaken and presented within this paper.

As derived from the Brundtland Commission report, sustainable development comprises three elements – the environment, social and economic. Most interpretations of sustainability and sustainable development acknowledge that there needs to be an integration or balance of these three elements. Generally they are understood to be three separate elements, with sustainable outcomes able to be achieved when all three aspects are considered (as illustrated by the centre of the Figure 3 below).



**Figure 3 Conventional representation of the components of sustainability (Diagram from Mebratu, 1998: 515 – modified)**

An alternative way of considering the separate elements that are integral components of sustainable development is known as the ‘Cosmic Interdependence model’ (Mebratu, 1996).



**Figure 4 Alternative representation of the components of sustainability – the Cosmic Interdependence model (diagram from Mebratu, 1998: 515 – modified)**

The most commonly discussed application of the sustainable development concept is in regards to maintaining and enhancing the physical environment (this fits Parris and Kates, 2003, framework above: sustaining nature and life support). L     (1991) focuses on ecological sustainability in her research, as it has “dominated the sustainable development debate” (1991: 610). The loose use of the term ‘environment’ further confuses the application of the sustainable development concept. It is generally agreed that environment includes social, cultural, economic and ecological factor, however disproportionate emphasis is commonly placed on the ecological.

The New Zealand government has incorporated sustainability and sustainable development into its planning legislation, primarily through the Resource Management Act 1991. The interpretation that the Act possesses is one which, when read without knowledge of its application appears to account for the three components of sustainability. However, how the Act has been applied by local councils has resulted in a strong focus on the ecological aspects of sustainability. Comparatively, in the United Kingdom, the interpretation of sustainable development used by the government focuses on the quality of life (UK Secretary of State, 2005). It seems that, although much academic debate has a significant focus on the environmental impacts (as opposed to the other two components – the social and the economic) the focus in practise is becoming more in-line with the idea that sustainability should result in an overall improvement to quality of life.

How sustainable development is interpreted can generally be understood based on the positionality and epistemology of the individual undertaking the interpretation (Mebratu, 1998). Parris and Kates (2003; supported by Briassoulis, 1999) found that the arguments in the literature often focus on what needs “to be sustained” and what is “to be developed”. However, applying the concept at the practical level is not easy, as what is to be sustained and what is to be developed must be identified. They conclude that nature, life support and community need to be sustained, and people, the economy and society are to be developed (Parris and Kates, 2003). Furthermore, the institutional interpretation differs from the ideological interpretation and differs again from the academic interpretation (Mebratu, 1998). Beyond this, within these three categories, interpretation differs further, for instance, the academic sector may interpret sustainable development from a scientific viewpoint focusing on ecology, or from a social viewpoint focusing on economics or quality of life (Mebratu, 1998; Williams, 2004). Williams (2004) differentiates between the ‘stronger’ and ‘weaker’ sustainable developments, terming weaker sustainable development as the anthropocentric

type in which humans perceive that they are entitled to use the resources around them for their survival. Alternatively, stronger sustainable development is that which believes that earth has 'biotic rights' and life must be sustained within the earth's finite resources.

As a lot of 'sustainability' literature focuses on ecological sustainability, as opposed to sustainable development, there is a large section of literature on sustainability that is not directly relevant to this project. The idea that sustainable development is environmentally friendly is correct, but the concept encompasses more than this. The sustainable development concept includes also the idea of sustained growth or sustained change (Ratner, 2004). Lélé (1991) provides a semantic explanation of how these two interpretations of the term evolved. Lélé defines development as "a process of directed change" (1991: 609).

### **2.5.3 Sustainable development: Urban planning**

It has been questioned whether the concept of sustainability has been successfully implemented into urban planning practise. Berke and Conroy (2000) undertook content analysis of a number of United States city plans and found that although the concept may have been integrated into policy wording, turning the policy into practise was not occurring successfully. Berke and Conroy (2000) also found plans that did not include the term 'sustainable development' were not less sustainable, this is likely because many of the principles guiding sustainable development are considered as common sense (Berke and Conroy, 2000). To evaluate the sustainability of programmes and activities, Dale and Newman (2010) argue there are three main components to consider: maintenance of ecological systems; a democratic process; and that everyone is attaining basic needs. There is a "general acceptance of the necessity of public planning in assisting the transition to sustainable development" (Briassoulis, 1999: 899).

### **2.5.4 Sustainable development: Economies and cities**

There is a lack of direction for understanding sustainable local economic development (Newby, 1999). It is considered by many that sustainability and economic development are such a contradiction that this is simply an anomaly. Lélé (1991) questions the validity of having economic growth as an objective if it is not directly correlated with sustainability, "in other words, sustainable development [in terms of economic growth] is an attempt to have one's cake and eat it too" (Lélé, 1991: 618). This idea that environmentally sustainable development and sustainable economic development are paradoxical is a very common theme in the literature. This is interesting, as economic considerations are one of the three elements

to be considered in sustainable development. Newby (1999) has undertaken research in an attempt to fill this void. The doctrine of sustainable local economic development can be summarised as achieving quality of life, fairness and equity, participation and partnership, and care for the environment; the precautionary principles. (Newby, 1999). As with much literature on sustainability, most of the literature stops here and fails to provide guidance of how to apply the concepts. Newby (1999) suggests that this can be undertaken by exploring all economic development options available to the community and choosing those that are most in accordance with the sustainability principles (that is, those that provide the most socially, economically and environmentally beneficial (or at least neutral) outcomes).

Barbier's (1987) thesis on the concept of sustainable economic development is specific to the Third World. Barbier concludes that the importance of sustainable economic development in this context is focusing on the poor, being culturally aware and encouraging participation from the bottom level. Overall, sustainable economic development is about decreasing poverty and reducing inequality. Imperative to this abstract concept of sustainable economic development are the actions of looking beyond increasing production and simply assessing the general economic indicators. He argues that sustainable economic development involves making changes to the types and processes of production including governance, organisation, technologies and peoples skills, and consequently peoples' quality of life. WCED (1987) highlights the role of economic development in the elimination of poverty. However, often environmentally sustainable practices are overlooked or seem unachievable when people are in the grip of desperate poverty (Barbier, 1987). Sustainable economic development is therefore enabling economic development to occur as it is a key aspect of ensuring quality of life, but in a manner that fits the other elements of sustainable development. Economic development can be interpreted as an enabler of the sustainable development process.

The value and success of community economic development can be considered in terms of 'sustainable community development'. The debates that exist around this topic have been explored and conclusions drawn from by Dale and Newman (2010). They surmise that both the existence of social capital and alignment between the community organisations are key elements of success when aiming for the creation of sustainable community development initiatives. This idea of social capital is fundamental to the creation of networks, which Dale and Newman (2010) argue are also important for the execution of sustainable community economic development.

Cities are a good place to begin addressing un-sustainable principles, as they have seldom been developed according to the principles of sustainable development, and there are large numbers of accessible people to educate and derive action from (Turok and Parnell, 2009). As outlined in section 5.3, the New Zealand government has previously embraced the idea of ‘sustainable cities’. This idea is interpreted to mean providing direction to the development process to aim for an end result where “our cities are healthy, safe and attractive places where business, social and cultural life can flourish” (Department of Prime Minister and Cabinet. 2003).

The concept of SmartGrowth has ten guiding principles, developed by the Smart Growth Network, which Eley (2003) uses to discuss Wellington as a best practise example of sustainable urban planning. They are:

*to mix land uses; 2) take advantage of compact building design; 3) create a range of housing opportunities and choices; 4) create walkable communities; 5) foster distinctive, attractive communities with a strong sense of place; 6) preserve open space, farmland, natural beauty, and critical environmental areas; 7) strengthen and direct development towards existing communities; 8) provide a variety of transportation options; 9) make development decisions predictable, fair and cost effective; and 10) encourage community and stakeholder collaboration in development decisions* (Eley, 2003: 5)

### **2.5.5 Conclusion to the review of sustainable development literature**

Sustainable development is integral to the understanding of local economic development and the future of urban planning. This review of the literature has found that while arguments on how sustainable development is to be undertaken are contentious, the basic principles of the concept are fundamental to much planning practise. It was found that there is little literature documenting the role of economic development in achieving sustainable development. This is perhaps attributable to the debate regarding the validity of the role of economic development in attaining sustainable development outcomes. However, as many people seek improved economic outcomes, this research project seeks to identify how local economic development activities fit within the scope of the sustainable development paradigm.

## **2.6 Conclusion to Literature Review**

Exploring ‘the management of local economic development in areas of rapid urban growth’ involved a review of a wide range of literature. This was important as this review has been fundamental to setting the context of the research and has facilitated the development of useful and valid research questions. Undertaking this review has also subtly led to the

exploration of a range of methodological and theoretical perspectives and enabled the recognition of the most suitable methodological framework and the methods to utilise.

There is a lot of literature on how to project population growth rates, the range of social and environmental implications of urbanisation and the varieties of techniques available to manage urbanisation. It has been identified that there is scope for local economic development to improve quality of life and in order to do so, for planners to increase their involvement in local economic development process. The main question that is raised from this is ‘what are specific people and groups doing at the local level in order to get the best outcome to improve the quality of life of the community at the local urban level?’ In order to answer that, one must identify where it is that the city and its citizens want to head; what is being undertaken; what potential drawbacks of their strategy are; and how cities can embrace the opportunities that have and may arise from the new economic structure to increase the quality of life for all members of the community.

# Chapter 3

## Methodology

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### 3.1 Introduction

This research project emerged from a general understanding of urban growth issues in the New Zealand and international contexts (both academically and politically) and an understanding of the need for a strong economic framework to support urban growth. There are a number of assumptions that must be acknowledged in order to provide the reader with an understanding of why the research developed in the way that it has. The subjective role of the researcher influences how the questions that guide this research have been formulated, investigated, analysed and discussed. The purpose of this chapter is to explain this and validate how the research has been undertaken. There are a variety of research methods available to researchers. This chapter provides an account of a careful consideration of these methods, explains which methods were chosen and justifies their selection.

#### 3.1.1 Philosophical and Theoretical Basis

The theoretical stance of a research project influences the way the research problem is understood, the methods that are selected and the way the results are analysed and presented. Successful research involves understanding from the outset what type of research is being undertaken, what epistemological and ontological assumptions the researcher has and from which theoretical perspective the research is being undertaken (Gray, 2009). Additionally, an exploration of potential methodological frameworks gives rise to identification of the most appropriate methods to employ.

Whether research is deductive or inductive influences the process that is undertaken. That is: working towards testing a hypothesis, with the results of the study supporting, rejecting or modifying the theory in question; or analysing specifically collected data to see if any patterns emerge and, if so, developing generalisations, relationships and theories (Gray, 2009). This research was based on an inductive process as there is no expected outcome regarding the role of local economic development in rapid urban growth areas. The research process explored the situation and evaluated it against economic geography and urban planning theories identified in the previous chapter.

A researcher's epistemological standpoint also influences the research process. "Epistemology provides a philosophical background for deciding what kinds of knowledge are legitimate and adequate" (Gray, 2009: 17). This research is based on the assumption that instead of one correct truth being discovered, the world is complex and the findings are dependent on numerous locality specific variables. There are three dominant theoretical perspectives identified by Kitchin and Tate (2000: 23), empirical-analytical research which aims to "*explain* the geographical world", historical-hermeneutic which aims to "*understand* the geographical world of its inhabitants" and critical research which aims to be seek to "*change* the socio-political landscape". This research generally seeks to develop an understanding. The most influential and common research paradigms are positivist and interpretivist. However, this research is not defined by either of these. Instead, critical enquiry, another common paradigm relates to this research. "Critical inquiry" questions currently held values and assumptions and challenges conventional social structures. It invites both researchers and participants to discard what they term "false consciousness" in order to develop new ways of understanding as a guide to effective action" (Gray, 2009: 25). This description of critical inquiry matches the current research as it seeks to explore and understand processes involved in the management of local economic development and evaluate the outcomes. It questions whether the process in Tauranga deviates from traditional local economic development understandings and identifies whether the process in Tauranga is the most effective and appropriate.

From the perspective of realism, "it is argued that research should have some wider purpose than just to add on knowledge to the geographical world, it should aim to change it for the best" (Kitchin and Tate, 1999: 23). This research is based on very realist assumptions. Realism researchers explore how social structures and procedures work and relate in the construction of reality (Kitchin and Tate, 1999). This research was seeking to explore how quality of life can be best improved via successful management of local economic development.

### **3.1.2 Positionality**

The purpose of this research was to interrogate the approaches used by a variety of people and organisations, explore how they are perceived in the wider context and consider their success in comparison to theoretical ideals. There is no right or wrong outcome, the findings simply add knowledge to the topic area and provide the opportunity to use the results and conclusions to add to theoretical ideas and potentially make improvements to practise. This project is a

piece of social research and “social research is positional” (Clough and Nutbrown, 2002: 10). This means that the context of how the research was undertaken and how it is being presented to the wider world is vital in understanding the “real meaning” of the findings. It must be understood from the outset that these findings are specific to the context in which the research was undertaken. That is, the political, cultural, economic and environmental factors are specific to Tauranga and careful consideration must be given to how the findings can and will be applied to other scenarios.

As well as research being context specific, characteristics of the researcher influences the process and outcomes of the research. This research has been undertaken by a New Zealand European in her early twenties with a background in social geography and economic academic study in both the New Zealand and Canadian contexts. Tauranga is the hometown of the researcher’s family. This is beneficial as she may have an understanding an outsider may not have, however, she may also be too close to the research topic and grapple to be objective. These personal characteristics influence the way the research is undertaken and how people are willing to contribute.

This research has been partially funded by the New Zealand Centre for Sustainable Cities. While the Centre did not provide the research topic, nor have any commercial interest in the outcomes of the project, the general direction of the project is aligned with an area of research interest for the Centre. The centre is an “inter-disciplinary research centre dedicated to providing the research base for innovative solutions to the economic, social, environmental and cultural development of our urban centres” (New Zealand Centre for Sustainable Cities, 2010). The research is exploring the role of the management of local economic development within the urban planning environment.

## **3.2 The Method**

A number of methods have been utilised in order to gather data to adequately answer the research questions and ultimately acknowledge the research objective.

### **3.2.1 The Approach**

Qualitative research methods are typical of social research (Mason, 2002). Comparatively quantitative research methods are typically associated with scientific research, specifically the natural sciences. This research utilises a combination of qualitative and quantitative research

methods, detailed in the 'methods' section below. "The goal of mixed methods research is not to replace either of these approaches but rather to draw from the strengths and minimize the weaknesses of both in single research studies and across studies" (Johnson and Onwuegbuzie, 2004: 14). This approach enables the discovery and interpretation of opinions and political and emotional findings in relation to hard facts. It will allow a variety of perspectives, debates and previously un-considered ideas to be uncovered and evaluated relative to hard facts. This was appropriate for the current study as it explored organisational structures in relation to demographic and economic data. The qualitative approaches used in this research were preliminary interviews, document analysis and semi-structured interviews with a number of key informants involved with, or interested in, local economic development. The quantitative approaches used were statistical analysis of economic and demographic data and surveys of the local business and resident communities.

### **3.2.2 Case Study**

This research project incorporates a case study of the management of local economic development in Tauranga. This involves exploring the form of, and influences on, economic and population growth and development in the Tauranga urban area. Tauranga was an appropriate selection for a case study for a number of reasons. Western Bay of Plenty sub-region was the first area in New Zealand to develop a comprehensive growth management strategy and it is experiencing the most rapid population for an urban area in New Zealand. It was identified as a potentially unique example of local economic development in New Zealand, particularly for responding to rapid population growth which occurred without rapid economic growth. Additionally, Tauranga was readily accessible to the researcher.

Rather than studying a topic at the general level, the use of a case study enables the topic to be understood regarding a specific time and place. Generally case studies are qualitative but can utilise a mix of both the qualitative and quantitative methods (Kitchen and Tate, 1999; May, 2001). This method gathered information relevant for each of the research questions. This cross-sectional study looked at the participants' actions and opinions at a certain point in time. While their views of the past, present and future were explored, their perspectives on the day they participated in the study were the primary focus (Gray, 2009).

### **3.2.3 Preliminary Interviews**

Preliminary interviews were undertaken with representatives from five key organisations in Tauranga during the month preceding the commencement of the formal research process. The

preliminary interviews were a key component of the formulation of the direction of this research project as key concepts and potential areas of interest were raised, and a basic understanding of the research area was developed. As the introductory section acknowledged, it has been clear for a number of years that Tauranga is, and has been for some time, experiencing rapid urban growth. These interviews suggested that this population growth had not been paralleled by rapid economic growth.

What was exposed during the preliminary interviews and research phase was the potentially unique way Tauranga has embraced and is managing the urban population growth with a variety of local economic development strategies. There was a positive reception from the participants in these interviews, all were interested in the topic and were willing to participate in the formal research process by way of formal interviews, providing data and suggesting further contacts. The purpose of these interviews was simply to provide background and identify potential contacts; no further analysis was undertaken of these discussions.

#### **3.2.4 Literature Review**

A literature review is an essential component of academic research. It positions the current research project within the realm of existing research and debates that exist around a topic (Gray, 2009). The purpose of this is to identify the existing research and knowledge base and develop the research objective and questions. This process involved a review of the literature and academic debates around urbanisation, local economic development, urban planning and sustainable development. It was important to look at these four seemingly fairly distinct topics in order to identify how they overlap and where areas of potential research interest exists. A key argument that emerged was the potential (positive and negative) effects of urbanisation, and that these can potentially be somewhat mitigated or enhanced (to be more aligned with sustainable development) through the process of local economic development.

#### **3.2.5 Documentary Analysis**

Documentary analysis involves reading, understanding and exploring the contents of documents written by other authors (May, 2001). It is imperative to acknowledge that secondary sources were not prepared for the current research, therefore this process “must take into account who wrote it [the document] and why” (Kitchin and Tate, 1999: 225).

For the purpose of answering the research questions set up in this research, an analysis was undertaken of seven key documents – listed in Table 2 below. The first two of these are

national legislation, the following two are binding local government documents as required by the national legislation and the final three are non-binding documents developed at the local level.

**Table 2 Key documents identified in the document analysis**

- Resource Management Act 1991
- Local Government Act 2002
- Tauranga City Council LTCCP 10 Year Plan
- Western Bay of Plenty District Council LTCCP 10 Year Plan
- SmartGrowth & SmartEconomy strategies
- Bay of Connections Regional Development Strategy

This method provided a quality overview of the planning environment, as required by the objective of the project. It was also particularly relevant to answering the research questions relating to 1) the role of local institutions in controlling, managing and/or restricting growth and 2) the management of urban and economic growth in Tauranga's accordance with the concept of sustainable development.

### **3.2.6 Semi-Structured Interviews**

As this research is predominately exploratory, it was decided that interviews were an appropriate method to use (Gray, 2009). The use of a semi-structured interview format enabled the interviewer to probe for more information or detail when something of further interest or relevance was raised (May, 2001).

Interviews were undertaken with twenty-two participants during twenty-one sessions. At the beginning of each interview, participants were provided with an information sheet and a consent form to sign (refer Appendix A), as required by University of Otago Ethics Committee. All participants consented to having their interviews recorded. This technique was utilised in order to increase the effectiveness of the analysis of the information gathered from these meetings. Another interview was conducted over the phone and handwritten notes were taken and contact was made with two further key informants via email communication. Participants (key informants) were selected based on their involvement with key aspects of the research topic; these topics had been identified during the earlier phases of the research project. The range selected was necessary in order to cover the wide range of potential perspectives, opinions and knowledge on the topics at hand. The majority of the key informants had been identified prior to the commencement of the interview phase of the

research process; however three were identified via the ‘snowball’ effect, as they were recommended by other key informants as potentially relevant participants.

All key informants (see Table 3 below) were initially contacted via either telephone or email. They were provided with an overview of who was undertaking the research and the overall aims and objectives of the project. They were then asked if they would be willing to participate in an interview/discussion of approximately half an hour. All key informants who were contacted were willing and able to participate in the study. A copy of the guiding interview schedule is attached as Appendix B.

In order to protect participants’ privacy only the researcher listened to the recordings and wrote the transcripts. The participants have been labelled Key Informant 1 through to Key Informant 25 and this system has been used to label their comments throughout, from the coding stage through to the report writing phase.

**Table 3 Key informants**

- PriorityOne representative
- Tauranga City Council representative x 4
- Western Bay of Plenty District Council representative
- Environment Bay of Plenty representative x 2
- SmartGrowth - independent representative
- Large local business – Tauranga headquarters x 3
- Large local business - City Partner / Headquarters elsewhere
- Creative Tauranga representative
- Tourism Bay of Plenty
- Community centre representative x 2
- Maori issues representative
- Elderly person representative
- Department of Conservation representative
- Bay of Plenty District Health Board representative
- Chamber of Commerce representative
- Sustainable Business Network representative
- New Zealand Trade and Enterprise representative
- Ministry of Economic Development representative

### 3.2.7 Statistical Analysis

In order to develop an understanding of the changes that have occurred in Tauranga regarding population numbers and economic performance, it was appropriate to analyse data collected for other purposes by other agencies and organisations (see Table 4 below).

**Table 4 Table of statistics analysed**

- Population numbers over time
- Population growth rates over time
- Demographic composition (age)
- Economic performance over time
- Economic growth rates over time

The results of this analysis are detailed throughout this document. The context section (Chapter 4) contains many of the statistics which justify why Tauranga was selected as an appropriate case study.

### 3.2.8 Surveys

A survey is a measured, detailed description of a population (Sapsford, 2007). For this research, it was decided that value would be added to the project by undertaking surveys of two populations: 1) local businesses and 2) the community. The development of questions was undertaken carefully, based on good practice guidelines of questionnaire development from Gray (2009). It was important to avoid misleading, unclear, objectionable, leading and assumptive questions. Making sure the order of questions was logical and the overall structure was professional was also important. Response categories were provided for the majority of questions, this was not intended to lead the respondent, instead to reduce confusion in interpretation of the question and to ease data analysis. A pilot study was undertaken in order to test the validity, reliability and clarity of the questions and test that the results would be able to be analysed in the desired way. Although administered online, a hard-copy of each survey is attached as Appendix C and D.

The first ‘population’ was businesses who may or may not be involved in local economic development programmes in Tauranga. As is common of modern surveys, the survey designed for this research project was one that measured attitudes and also gathered basic facts about businesses in the district (Gray, 2009), their explanations of the past and predictions about the future. The design was analytical, in the sense that the purpose was to identify associations between the variables and use these findings to confer meaning. This was formulated as a self-administered survey, using two methods of distribution - the online survey tool ‘www.questionpro.com’ and a post office box drop. This was appropriate for a number of reasons: the majority of questions were close-ended (with a few short-answer style questions leaving the respondent room for elaboration) and there was a large research sample that is likely to frequently use email.

Email addresses were gathered from the Chamber of Commerce and 'Finda' online business directories. A total of 460 surveys were distributed via email – however approximately fifty of these emails 'bounced back'. A reminder email was sent two days later and this doubled the number of responses. A further 300 surveys were distributed via a post office box drop to the business post office boxes at the Tauranga mail centre. These surveys were pre-folded and pre-addressed with a FreePost number in order to facilitate an easy return process. It is likely that there was a double up between businesses that received the survey via email and those that received it via post. Overall, 115 people viewed the on-line survey (clicked the link from the email) and a total of fifty-three surveys were completed electronically or via the post. This is a low response rate from the combined electronic and postal surveys, and is likely attributable to the lengthy nature the survey.

The purpose of this survey was to identify:

- general information about the business (i.e. industry, size, location of headquarters)
- local business opinion of strengths and weakness in the local economy
- local business involvement in local economic and community development plans
- expectations of the future
- opinion on various aspects of local economic development (i.e. key people)
- contribution to the community

It was estimated (by key informant 1 and 10) that there are between 9,000 and 14,000 businesses in Tauranga and noted that the majority of these are small businesses (with only five businesses being of any substantial size). Around 370 responses were required to gain a response that was representative of the total business population with a 95% level of confidence and a 5% confidence interval. Accordingly the results cannot be used to generalise the opinions of all businesses in Tauranga, however the sample has a good response from medium sized businesses (twenty-nine of the fifty-three respondents employ less than six people, thirteen employ six to twenty people, seven employ twenty-one to fifty people, three employ between fifty-one and 100 people and one has more than 100 employees), therefore considering these results adds value to this research project.

The second 'population' was Tauranga community members. It was identified that value would be added by exploring the views of community members regarding their involvement in, and opinion of, local economic and community development. Again this was an on-line survey using 'www.questionpro.com'. An email was sent to all the representatives listed on

the Tauranga City Council community group directory, to those businesses who had responded to the business survey saying they were happy to be contacted further and to a personal contact the researcher had in Tauranga. The email requested the recipient to complete the survey and to forward it on to their members / employees / associates in order to gather responses from a wide range of the community. The online survey was open for one week and gathered 101 responses (giving rise to a 90% confidence level with a margin of error of 10%).

### **3.2.9 Data Analysis**

Undertaking data analysis of qualitative data is different to the process involved in analysing quantitative data. Qualitative data analysis involves identifying key themes, trends, ideas and arguments (Gray, 2009). The literature review involved identifying the arguments of different studies and authors, making comparisons and drawing out key ideas and conclusions. The semi-structured interviews were transcribed and a list of codes created. The interviews were then re-read and each key idea raised was matched with a code. Key ideas, trends, issues and arguments were then able to be identified and form the bases of the discussion.

The surveys resulted in a number of different types of data. The questions asked produced categorical data: nominal (categories with no order or value associated) and ordinal data (categories with a ranking of values associated) (Gray, 2009). It was important to identify this from the outset as the analysis that is able to be undertaken depends on the data set. With these types of data, associations can only be made between like sets of data. The online survey programme, 'www.questionpro.com', electronically coded the data and provided the level of statistical analysis required for this project.

## **3.3 Ethics**

It must be assessed that the benefits of the research outweigh any potential costs, as Snook (2005: 73) notes that the "point of research is to improve the situation for human beings". There are five main ethical issues that frequently arise in social research, these relate to informed consent: honesty; confidentiality; avoiding deceit; and being faithful when undertaking analysis and reporting (Snook, 2005). In terms of gaining informed consent from participants, interview participants were provided with an information sheet, signed a consent form and had the opportunity to withdraw at any stage (refer Appendix A). Likewise, the surveys were preceded with similar information. The researcher was honest in expressing their intentions and the expected outcomes of the project. Key informants were coded

anonymously and data has been stored or destroyed according to Otago University ethics guidelines. The research methods were approved by the University of Otago Department of Geography ethics committee prior to the primary field-work being undertaken.

### **3.4 Conclusion**

A comprehensive mixed-method approach was selected for this study and approved by the departmental ethics committee. The selected approach was based on the need to undertake a thorough analysis of the past, present and anticipated future of the case study environment. It enabled insights into the perspectives of a wide variety of people involved in local economic development to be attained. The method also facilitated an empirical analysis with academic literature and international case studies.

# Chapter 4

## The Case Study

### Tauranga Urban Area

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As a case study of the urban area of Tauranga was undertaken for this project, it is pertinent to describe key characteristics of the locality. There are many unique features within and surrounding Tauranga which are described below. Namely that it is geographically diverse and demographically distinctive. The economic trends of Tauranga will also be introduced. The following chapter includes the results of an analysis of relevant planning documentation. Given that planning provisions in New Zealand are place specific this assists to contextualise the study

#### 4.1 Geography

Tauranga City is administered by the Bay of Plenty Regional Council (known as 'Environment Bay of Plenty' or EBOP) and the Tauranga City Council. The Tauranga City Council boundary encompasses 13,440 hectares (TCC, 2009) making it one of New Zealand's smaller territorial authorities by land area. The Tauranga urban area extends onto land that falls within the Western Bay of Plenty District Council boundary. Due to this discrepancy between the legislative boundary and the natural urban boundary, the Tauranga urban area is interpreted as incorporating the agglomeration of urban land concentrated around Tauranga City and will be hereafter referred to as 'Tauranga'. Since early in the twenty-first century, these three territorial authorities have been taking an integrated approach to planning and management, focusing on the Western Bay of Plenty sub-region (see Figure 5 below). Accordingly, this study also looked beyond the Tauranga City Council boundary, to the management of local economic development within the entire sub-region, but focuses on the Tauranga urban area.



**Figure 5 Western Bay of Plenty sub-region (source: SmartGrowth, n.d:online)**

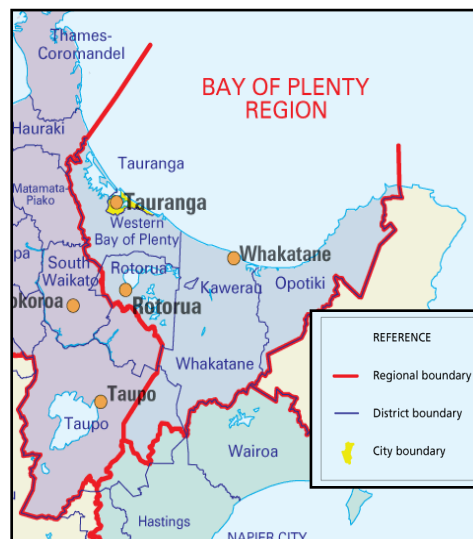
Tauranga is situated on the east coast of New Zealand's North Island (see Figure 6, p. 56 below). It is centrally located relative to a number of other main urban centres and within approximately a three hour drive of around three quarters of New Zealand's total population (LTCCP, 2009). Tauranga is situated roughly 205 kilometres from Auckland, 106 kilometres from Hamilton and 156 kilometres from Taupo (Automobile Association, n.d.). As explained below, this favourable location is an integral component of the economic development opportunities the region possesses.

Tauranga has a diverse natural landscape; it is bound and defined by the Kaimai Ranges to the west, the beaches of the Pacific Ocean to the east, a natural harbour and the volcanic cone at the end of the Mount Maunganui peninsula 'Mauao' (LTCCP, 2009). Surrounding the urban area, constituting much of the Western Bay of Plenty district council land, are fertile soils, which are prime land for agriculture, horticulture and forestry (WBOP LTCCP). It is these geographic features that are both a motivating factor for people migrating to the region and form the bases of the economy of the area. Consequently, the hinterland is an integral component of contextualising Tauranga, the urban area.



**Figure 6 Location of Tauranga in New Zealand (adapted from Google – Maps data, 2010a)**

The boundaries of the local territorial authorities are illustrated in Figure 7 below. While the Tauranga City Council land area is significantly smaller than the neighbouring local authorities, Tauranga is the primary urban area in the Bay of Plenty region. The climate in the Bay of Plenty Region is very moderate by New Zealand standards (Bay of Connection, 2007) and Tauranga receives the second most sunshine hours in New Zealand (after Blenheim) (RPS, 1999: 19).



**Figure 7 Map illustrating the Tauranga City Council boundary, the Western Bay of Plenty District Council boundary and the Bay of Plenty Regional Council boundary (adapted from Terralink, 2010).**

Figure 8 below illustrates specific features of the Tauranga landscape which are referred to in this study. Point A: indicates the main highway link with both Auckland and Hamilton; B:

indicates the main highway link with Rotorua; C: indicates the main highway link with Whakatane. 1: Port of Tauranga / harbour; 2: Tauranga airport; 3: Central Business District; 4: Merivale; 5: Welcome Bay.

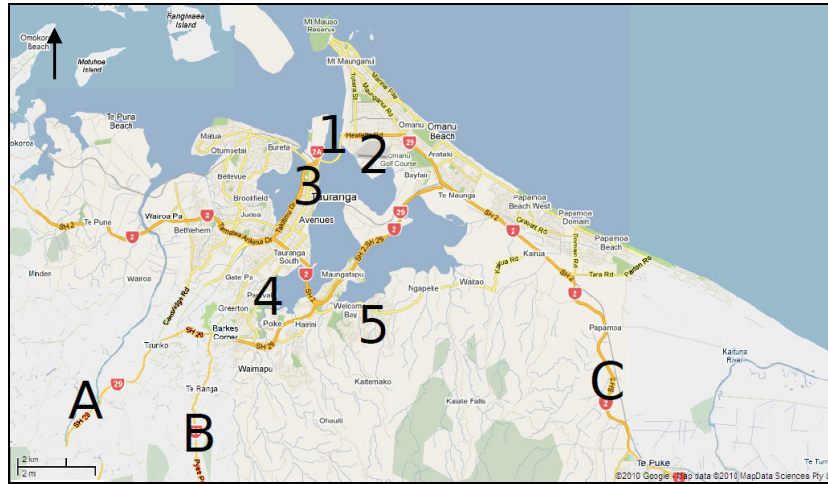


Figure 8 Specific features on the Tauranga landscape (adapted from Google – Map Data, 2010b)

## 4.2 Demography

### 4.2.1 Population

In 2006 the population within Tauranga City was 103,635 while the population of the Tauranga urban area was 108,882 (Bay of Connections, 2007). The population of the Western Bay of Plenty District at this time was 42,075. These statistics support the notion that the Tauranga urban area extends beyond the Tauranga City Council boundary.

One of Tauranga's most distinguishing features is its experience of rapid population growth. The current population has increased 290% since the 1961 census, when the population was a mere 26,586 (Dept. of Statistics, 1964). This compares with national population growth of 66.7% over the same timeframe. The speed of this growth has slowed in the last decade, to 13% for the period 2001-2006, from the preceding decade, when the growth rate was 36.4% (see Table 5 below). The majority of the population growth has occurred within the Tauranga City Council land area.

The Tauranga urban area is the most rapidly growing urban area in New Zealand (Bascand, 2009). "Between 1986 – 1996 it [Tauranga] experienced a population growth rate of 31%" (RPS). Tauranga City territorial authority is experiencing a population growth rate above the national average (Bascand, 2009) and is ranked as the eighth most rapidly growing territorial

authority in New Zealand (TCC, 2009). As Table 5 below illustrates, although the proportional increase population has been gradually decreasing over the past five decades, it is clear that the greatest surge in absolute population numbers occurred between 1991 and 2001. It also illustrates that the rate of proportional rate of population growth in Tauranga has exceeded the average national population growth rate over the same period.

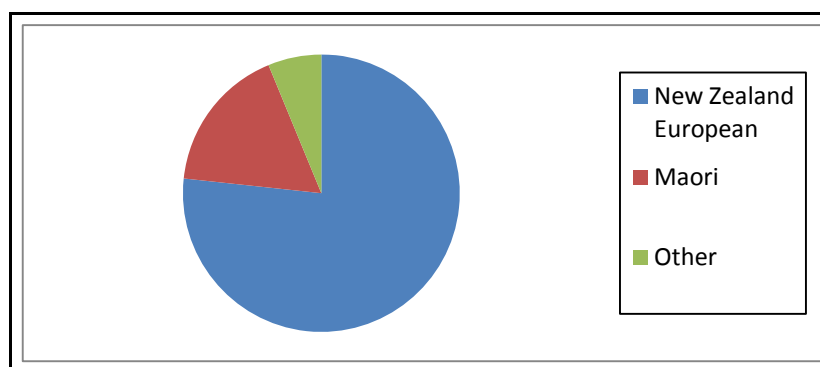
**Table 5 Absolute population numbers and population growth for Tauranga and New Zealand since the 1960's**

<i>Absolute</i>	<i>1961</i>	<i>1971</i>	<i>1981</i>	<i>1991</i>	<i>2001</i>	<i>2006</i>
<b><i>Tauranga</i></b>	26,586	40,349	53,097	67,332	91,836	103,632
<b><i>NZ (m)</i></b>	2.415	2.862	3.176	3.374	3.737	4.028
<i>Proportional</i>	<i>1961 - 1971</i>	<i>1971-1981</i>	<i>1981-1991</i>	<i>1991-2001</i>	<i>2001-2006</i>	
<b><i>Tauranga</i></b>	51.8%	31.6%	26.8%	36.4%	12.8%	
<b><i>New Zealand</i></b>	18.5%	10.9%	6.2%	10.8%	7.8%	

(Source: Dept. of Statistics, 1964; 1976; 1981; 1991; 2002; 2006)

#### 4.2.2 Ethnic Composition

Nearly three quarters of Tauranga City's population identifies with the European ethnicity, which is greater than the national average (see Figure 9). Similarly, just over 16% identify as Maori, which is also higher than the average in New Zealand. Consequently, there is less representation of the minority groups, as the remainder of the population identify with Asian (3.4%), Pacific (1.9%) and Middle Eastern, Latin American and African (<1%) (Dept. of Statistics, 2006).



**Figure 9 A basic illustration of Tauranga's ethnic composition (statistics from Dept. of Statistics, 2006)**

#### 4.2.3 Age structure

Another notable feature of Tauranga's demographic makeup is the disproportionate representation of the older age group. Seventeen point four percent of Tauranga City residents are aged over sixty-five, which is 5.1% greater than the national average (Dept. of Statistics,

2006). As illustrated by Figure 10 below, there is also a significant band of people in the thirty-five to fifty-four year old age range who will move into this category between the next ten to thirty years. The other noteworthy feature of the following age structure pyramid is the decrease in the number of people in the age range fifteen to thirty-four years old (specifically 20-29 years old). Correspondingly, it is interesting to note that approximately 60% of the population increase between 1996 and 2001 consisted of people over forty years old. This demography both instigated and maintains Tauranga's well known role as a retirement centre.

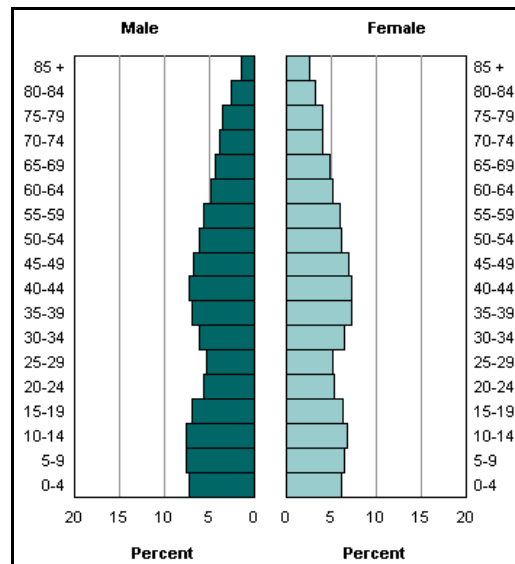


Figure 10 Total population (age group and sex) (Image from Dept. of Statistics, 2006: 3)

#### 4.2.4 Education

According to the 2006 census (Dept. of Statistics, 2006) Tauranga City has a slightly higher proportion of people with no formal qualification (26.5% compared to 25% nationally). The proportion of people with post-school qualifications is consistent with the national average (only 0.2% lower) at 39.7% of the population (Dept. of Statistics, 2006). The Maori population in Tauranga is slightly above the national average Maori population in terms of qualification attainment (Dept. of Statistics, 2006). In terms of tertiary education opportunities, Tauranga has three main facilities, the Bay of Plenty Polytechnic, a Waikato University satellite campus and an Auckland University Medical Clinic at the hospital.

#### 4.2.5 Employment and Income

Tauranga residents are slightly over-represented in the sales worker, technician and trade industries, and slightly under-represented in occupations classified as managers and professionals. The majority of the participants in other occupations is very close to the

national average and the unemployment rate is consistent with the total New Zealand unemployment rate, at 5.1% in 2006 (Dept. of Statistics, 2006).

Despite this, the incomes of Tauranga residents are lower than the national average. The median annual income is \$1,200 less than the nationwide average. More people have an income of less than \$20,000 and less people have an income of over \$50,000 compared with the average nationwide (Dept. of Statistics, 2006) This is likely influenced by the high number of retirees living in Tauranga.

According to the 'Quality of Life Survey of 12 Cities' (The Quality of Life Project, 2007), in both 2001 and 2006 Tauranga had the second lowest median personal income of the twelve main urban centres. However during this time Tauranga experienced the second highest real increase in median personal income. This rose by 20.5%, as it shifted from \$16,800 to \$23,200.

In 2007 there were 13,352 businesses in Tauranga city (TCC, 2009). Similar to the national trend, the Tauranga business environment is dominated by a disproportionate number of small businesses. In Tauranga, this oversupply is attributed to the number of people establishing single person and small businesses upon migration, and their business often being secondary to their lifestyle (key informant 1, 10 and 18).

There are five businesses which have been identified as the key employers of the area in terms of number of employees. These are the Port of Tauranga, the Bay of Plenty District Health Board, TrustPower (approximately 250 employees in Tauranga) Ballance Agri-Nutrients and Craigs Investment Partners (key informants 1, 3 and 8).

### **4.3 Economy**

As described above, the geography of Tauranga and its surrounds is a defining component of the Tauranga economy.

*Within the sub region, the share of total employment in agriculture and in retail trade is significantly higher than for the country as a whole. Other industries which employ above average shares are health, construction and transport and storage. Industries employing below average shares are predominantly in the service sector (Ballingall et. al., 2004: IV).*

A notable feature of the Bay of Plenty economy is its reliance on its natural resource and agricultural base (when compared to the average reliance on these resources elsewhere in New Zealand). Both natural resource and agriculturally based industries are New Zealand's

slow growing sectors (Ballingall et. al., 2004). “This relative reliance on slow-growing sectors explains in part why the Bay of Plenty economy has grown more slowly than other regions in New Zealand in recent years” (Ballingall et. al., 2004: 49).

In 2002, the New Zealand Institute of Economic Research produced a report on the economic drivers and determinants of the Western Bay of Plenty sub-region. According to this report, agriculture is ranked within the top two largest industries in the Western Bay of Plenty sub-region in terms of total output, total international exports and in terms of supplying goods and services nationwide. Other significant industries based on output and international export are food and beverages, wholesale trade, transport and storage. In terms of nationwide supply, construction and health and community services are ranked highly (Smith and Briggs, 2002).

In contrast to the information above, in terms of employment, retail trade is the Western Bay of Plenty’s largest industry, employing 13.4% of the workers in the Western Bay of Plenty sub-region. Agriculture accounts for 10.3% of the employees in Tauranga, 2.8% higher than the number of people employed in agriculture nationally. Health, construction, transport and storage also employ a proportionally higher number of people than the national average. Comparatively, business services, education, accommodation and restaurants, and finance and insurance employ less than the national average (Smith and Briggs, 2002). Recently, the Bay of Plenty has seen a relatively high rate of new business generation, which can be attributed to the relatively high investment in economic development.

In New Zealand, there are no official records of gross domestic product at the regional or district level. There is also no measurement of human capital at this level. However, reports that have been undertaken have utilised other indicators and models to develop an assessment of the rate and success of economic growth at the regional level. According to the 2006 Census, the median income in Tauranga City is slightly less than the national average (\$23,200 compared to \$24,400). Compared to the national average, Tauranga has 2.4% less people with an income of over \$50,000 (Dept. of Statistics, 2006). Between 1996 and 2001, the Western Bay of Plenty sub region experienced an increase in employment that averaged 3.5% annually, compared to a national growth rate of 1.3% (Smith and Briggs, 2002).

In the year to September 2009, Tauranga experienced a greater decrease in per capita income compared to the national average (Priority One, 2010). “The percentage of regional turnover declined from 44.5% in 1996 to 39.7% in 2009. This shows the WBOP [Western Bay of

Plenty] sub-region has become more self-sufficient with less need to import goods from other New Zealand regions or overseas for final sales and production” (Priority One, 2010). In the past decade, the average household income has increased at a greater rate than the national average (Priority One, 2010).

#### **4.4 Conclusion**

The above description and explanation of Tauranga serves two primary purposes. 1) It justifies Tauranga as an appropriate selection for a case study. There is an issue regarding whether the growth of the economy has been adequate in supporting a booming population, it correlates with wider New Zealand in terms of facing an aging population and there are various agencies undertaking local economic development activities. 2) This section has also provided the necessary background for the remainder of this paper. In order to understand the local economic development activities that are being undertaken and the planning frameworks within which this occurring a number of features must be acknowledged. That is primarily the geography, climate, natural resource base and historic, current and predicted economic factors and population patterns and described above.

# Chapter 5

## Research Findings

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### 5.1 Introduction

This chapter provides the results from the three research methods (documentary analysis, key informant interviews with representatives involved in local economic development and the surveys undertaken of local businesses and local residents). In doing so, this chapter also considers how local economic development is (or is not) provided for, based on the working definition of local economic development developed for this paper. According to this definition, local economic development involves 1) local level control over economic development and needs; 2) working collectively or in partnership; 3) public involvement and participation; 4) supporting a diverse economic and employment base; and 5) promoting innovation and entrepreneurship (see section 2.3.1 for the literature supporting this).

The documents analysed are relevant to this study as they provide the framework within which local economic development activities are undertaken. They also reveal who holds responsibility for administering tasks and any guidance as to how tasks are to be undertaken. The twenty-five key informants were representatives of: local authorities; large local businesses; agencies associated with local/economic development; and community organisations. They identified experiences and perspectives about guiding frameworks and legislation, the role of central and local government bodies, independent agencies involved in local economic development, businesses and community groups. These interviews also identified a range of views on past, present and future local economic development options and the results attained.

Two surveys have been undertaken for this project. The survey of local businesses was undertaken because: 1) businesses have the potential to play a role in local economic development, therefore it was necessary to identify what role they have in Tauranga; 2) of their potential insight in assisting to evaluate the success of the management of local

economic development in Tauranga; and 3) to support the identification of issues and identify where potential improvements could be made. The purpose of the community survey was to develop an understanding of how residents perceive the management of local economic development.

The results from the document analysis, interviews and surveys are presented concurrently according to the eight key topics listed below, and illustrated in Figure 11 below.

- 1) Growth: Growth and current challenges and growth forecast
- 2) Central Government: Legislation, agencies and assessment
- 3) Local Government: Documentation, actions and assessment
- 4) Official Economic Development Strategies: Strategies, agencies and assessment
- 5) Local Businesses: Activities and assessment
- 6) Local Communities: Agencies, actions and assessment
- 7) Overall Assessment of Management of Local Economic Development in Tauranga.

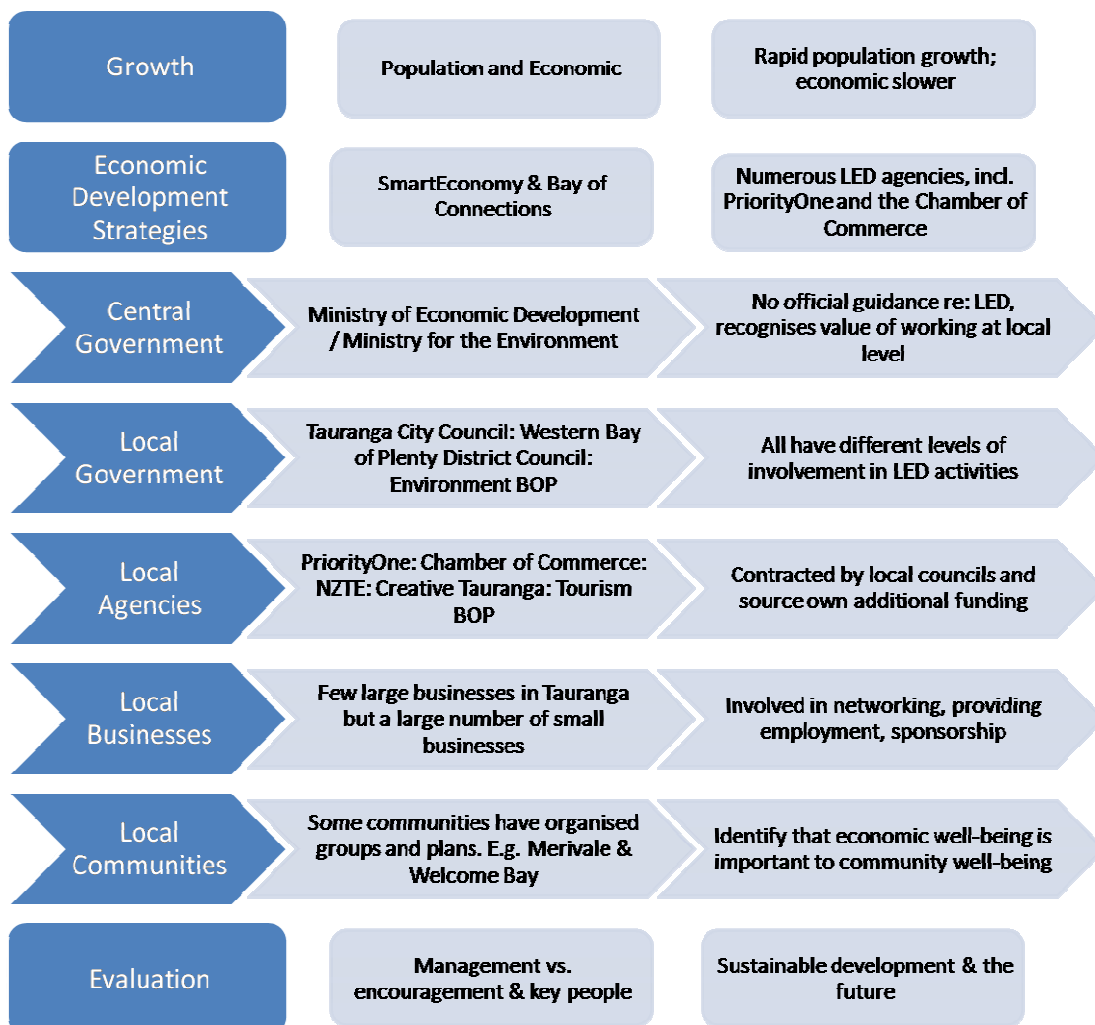


Figure 11 Key topics raised during research

## 5.2 Tauranga's Growth History and Forecast

### 5.2.1 How Tauranga has grown and current challenges

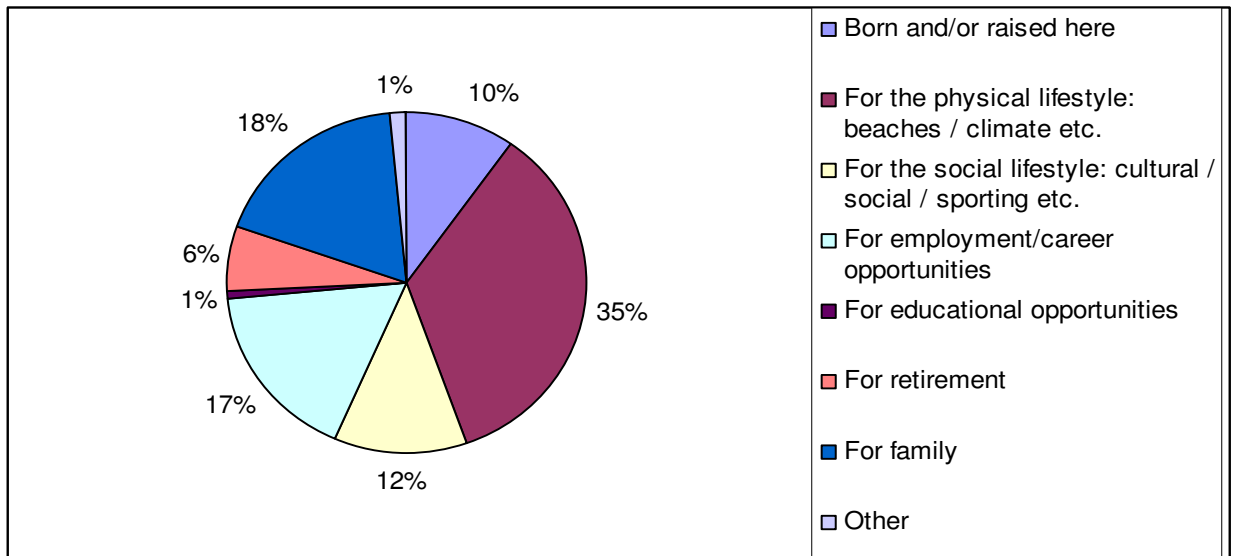
It was agreed by interviewees that the predominant reasons for the historic and current population growth in Tauranga and the associated immigration of new residents are for lifestyle and retirement. The close proximity of Tauranga to other main centres and to the majority of New Zealand's population was noted as another reason encouraging population growth. Table 6 below provides a sample of quotes from key informant interviews supporting these ideas. However, these are not the only reasons for people moving to Tauranga. One key informant moved to Tauranga for a combination of reasons; they had a desire to move town and when a job arose in Tauranga it was a great opportunity for the individual (key informant 9).

**Table 6 A sample of quotes explaining peoples' perceptions of why Tauranga's population is growing**

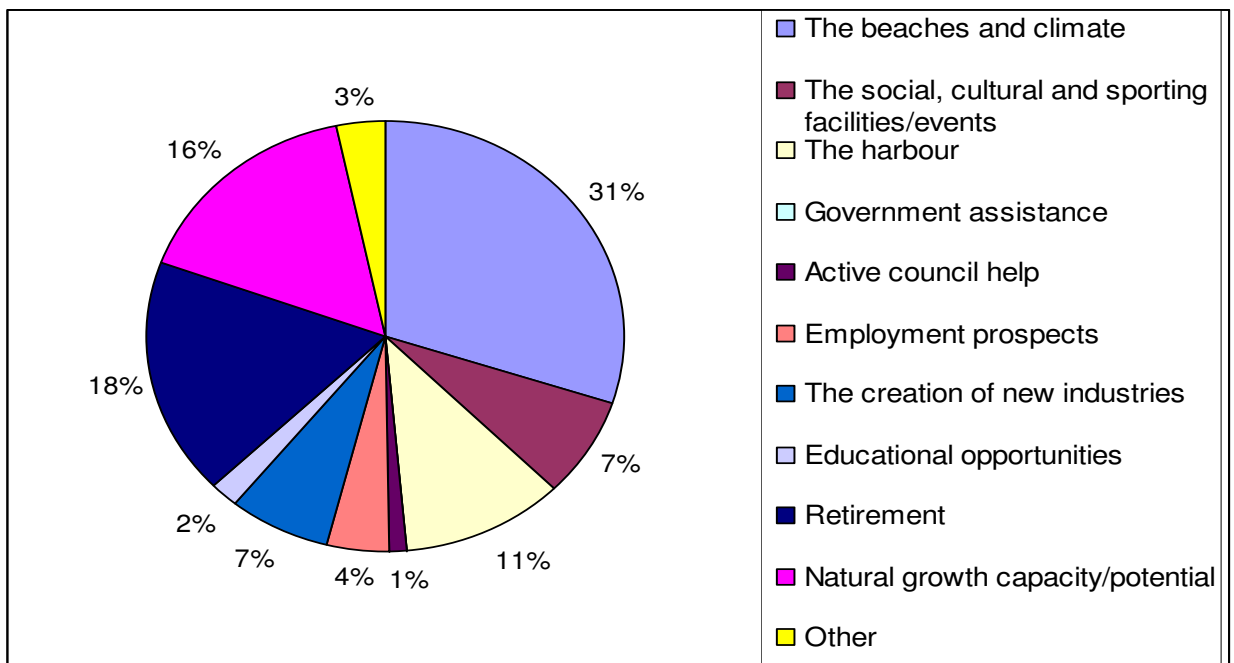
"When I first moved down here [23 years ago] it really had the reputation of a retirement place. It's where the Waikato farmers moved and where the people from Auckland used to move down... A lot of people did move for lifestyle, and they still do" (key informant 3).
"Lifestyle is definitely the biggest attraction, traditionally our growth was from people that holidayed here and retired here, and that's still the case" (key informant 10).
"A growth in population in this area of retired people, fixed income and so really not necessarily participating in the labour force, and others coming here for a lifestyle" (key informant 1).
"Lifestyle, climate, it's in relative close proximity to Auckland – 2 – 2.5hours, Hamilton, it's on the coast, they can actually have a good lifestyle here" (key informant 4).
"People tend to move here for lifestyle reasons and family reasons" (key informant 24) .

The responses from the community survey support these findings. A total of 209 options were selected by the 112 respondents explaining attractants for living in Tauranga. As displayed in Figure 12 below, the most prevalent response was 'for the physical lifestyle: beaches / climate etc.' at 35%. 'For family' was the second most prominent option at 18%, followed closely by 'for employment / career opportunities' at 17%. This suggests that career is one of the top three considerations for peoples (re)location choices.

Similarly, Figure 13 below suggests that residents attribute Tauranga's population growth to three main factors: the beaches and climate (as also indicated by the previous question), retirement and the natural growth capacity / potential of the area. There was a total of 299 responses from the 101 respondents.



**Figure 12 Why do you live in Tauranga?**




**Figure 13 What do you think is causing Tauranga to grow?**

It is interesting to note that, in Figure 13, employment prospects received only 4% of the responses (compared with 17% in Figure 12 above). Similarly, while only 6% of responses suggested that respondents live in Tauranga for retirement reasons, 18% of responses suggest retirement is causing Tauranga to grow. This indicates the perception that some local residents hold toward Tauranga as being a retirement destination. It is notable in Figure 13 that the options which are typical of local economic development activities were selected by the least number of respondents (facilities and events - 7%, government assistance - 0%, council help - 1%, employment prospects - 4%, creation of new industries - 7%, and

educational opportunities - 2%). This suggests there is scope for improvement in local economic development activities.

Likewise, business survey respondents were asked to indicate reasons for establishing their business in Tauranga. Table 7 below presents the average results from businesses, ranking nine possible reasons for establishing business in Tauranga (1 indicates most important, 9 indicates least important). 'Home base' was ranked as the 'most important' reason with an average ranking of 4.358. That was followed by 'anticipated future growth' and 'physical lifestyle'. For the selection of businesses surveyed, 'accessibility to the port' was ranked as the least important reason for establishing business in Tauranga (score of 7.604). This is interesting and highlights the views held by the small sample selected as other research has found that the Port is extremely valuable to many businesses.

**Table 7 Reason for establishing business in Tauranga**

<b>Reason for establishing business in Tauranga</b>	<b>Average ranking</b>	<b>Most Important</b>  <b>Least Important</b>
Home base	4.358	
Anticipated future growth	5.226	
Physical lifestyle: climate, beaches etc.	5.302	
Size of local market	6.283	
Social lifestyle	6.491	
Support available for businesses	6.720	
Accessibility to other markets	7.472	
Available labour force	7.528	
Accessibility to the port	7.604	

The port was identified as being a key reason for the early economic growth in Tauranga. The first main wharfs, built in the 1950's, were partially responsible for the success for the pulp and paper, and the forestry industries from the wider Bay of Plenty region, "so the driving force really is the port" (key informant 8, supported by key informant 1 and 6).

However, the picture is not all positive. For every 135 people who arrive in Tauranga every week, there are approximately sixty-five people that leave per week (key informant 10). The common challenges identified as hindering Tauranga's growth were a lack of education, employment and career opportunities and a lack of affordable housing. This somewhat explains the high population turnover (key informant 1, 4 and 10). "The problem has been one partner might find a good paying job, if they're both professional, and the other partner would not" (key informant 10)

As a result of rapid population growth from a small population base, comparative to other cities of similar size Tauranga is regarded as being behind in terms of infrastructure provision and economic development (key informant 5). This impacts on how the city will develop as Tauranga is required to provide facilities other cities already have while developing infrastructure to support the booming population.

In New Zealand, as regional and city level economic growth is not measured, it is difficult to gauge regional and urban economic performance. Despite this, consensus among key informants was that the economic performance of Tauranga has not matched the rapid population growth. Even looking at regional data is misleading because “Western Bay of Plenty is kind of different to the total Bay of Plenty economy [for example] if you look at unemployment in the Eastern Bay of Plenty versus the kind of employment structure in Rotorua with a lot of government departments and things like that” (key informant 1).

As described in the Chapter 4, there are only a small number of large businesses in Tauranga. Associated with this, there are a disproportionate number of small businesses in Tauranga (key informant 1, 10 and 18). “There is something like 9000 plus business in Tauranga. Last census, most would be one man bands or not much bigger, we only have five businesses of any size” (key informant 10). While the five main businesses are sizeable; this uneven distribution is perceived to pose problems for economic development (key informants 4, 7, 8 and 10). For example, it was noted that “you don’t probably have a wide range of large businesses where some of that direction and advocacy and leadership comes from business leaders” (key informant 4).

### **5.2.2 How Tauranga might continue to grow**

In collaboration with other agencies the councils have decided that, in order to sustain a good quality of life for Tauranga citizens, the economy needs to undergo changes. Based on responses by key informants, it is likely that the future economy of Tauranga will grow through the active creation of a business and business development friendly environment (key informants 1, 2, 4, 5, 6, 9, 10, 13, 17 and 21). For instance, Tourism Bay of Plenty said that one of their jobs is to increase tourism dollars over the shoulder seasons, which is a period where this industry is currently lacking support.

Tauranga has an elderly population that surpasses the national average (key informant 6). While providing services for retirees can in itself be a growth industry, it is not the future

growth area that Tauranga is seeking. A component of changing the economic landscape involves trying to attract a different type of migrant: educated workers as opposed to just retirees (key informant 1, 10 and 24). It is understandable that there is still an impression of Tauranga as a retirement place “if you look at a lot of advertising, even if I pick up the Sunday papers, it’s all on retirement villages here” (key informant 13). Investing in soft infrastructure and tertiary education opportunities will assist in this changing economic landscape (key informant 1 and 10). If the population continues to age disproportionately, the provision of essential and desirable services will continue to become unaffordable.

### **5.3 Central Government Bodies and Legislation**

Local economic development occurs within a system of rules and regulations which are imposed by the central government. This section provides both the results of an analysis undertaken of central government documentation and an overview of the government departments responsible for administering this documentation. Relevant documents are the Local Government Act 2002 and the Resource Management Act 1991. The most relevant central government agency is the Ministry of Economic Development.

#### **5.3.1 Legislation: The Local Government Act 2002 (LGA)**

The LGA applies to the twelve regional councils and seventy-three territorial authorities (district councils, city councils and unitary authorities) in New Zealand (LGA: Schedule 2). There is a requirement under the LGA for all local authorities to promote the economic well-being of communities for the present and the future, in addition to the other three well-beings: social, environmental and cultural (LGA: 3(d)). As Box 1 below highlights, the LGA is focused on democratically promoting the social, economic, environmental, and cultural wellbeing of communities.

As section 10(b) of the LGA (see Box 1 below) states, local authorities must provide for the economic well-being of communities, in the present and for the future. It does not state anywhere within the Act what this means, nor how local authorities should go about achieving this (key informant 18 and 21). The Chamber of Commerce noted that “it’s up to the council how it interprets that. So you could interpret that and be minimalistic, or you could interpret it and say it’s quite a significant part”. This causes local authorities in Tauranga to decide how involved in local economic development they should be and it is interesting to note that each authority administering Tauranga has chosen a different level of involvement.

3. The purpose of the LGA is...to provide for democratic and effective local government that recognises the diversity of New Zealand communities; and, to that end, this Act—

- c) promotes the accountability of local authorities to their communities; and
- d) provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach (LGA: s3).

10. The purpose of local government is:-

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future. (LGA: s10).

**Box 1 Local Government Act section 3 and Local Government Act section 10**

Included in the LGA is a requirement for each council to develop and implement a Long Term Council Community Plan (LTCCP) (LGA: 93(1), schedule 10). The development of the LTCCP requires a comprehensive consultation process to be undertaken. These plans overview the activities and services intended to be provided by the council over the next (minimum) ten years, and this is reviewed on a three yearly basis. Box 2 below highlights the sections of the LGA most relevant to this requirement. This requirement results in three LTCCP's administering the Tauranga urban area – one for each of the local authorities. How these documents relate is influential to how local economic development within the sub-region is managed. An assessment of the Environment Bay of Plenty and Tauranga City Council LTCCP is provided in section 5.4.1 and 5.4.3.

(6) The purpose of a long-term council community plan is to—

- (a) describe the activities of the local authority; and
- (b) describe the community outcomes of the local authority's district or region; and
- (c) provide integrated decision-making and co-ordination of the resources of the local authority; and
- (d) provide a long-term focus for the decisions and activities of the local authority; and
- (e) provide a basis for accountability of the local authority to the community; and
- (f) provide an opportunity for participation by the public in decision-making processes on activities to be undertaken by the local authority.

**Box 2 Section 93(6) and section 93(7) of the LGA**

Section 6(b) requires the identification of Community Outcomes; these identify what the community wants and how those goals can be achieved. As Box 3 below explains, “community outcomes provided a tool to help the central government agencies see that it was something they needed to be involved in” (key informant from local government). This

requirement is being taken out of the LGA as it “was seen to perhaps give local government a mistaken mandate to get into areas that aren’t actually local government’s responsibility” (key informant from local government). This suggests that central government is unsure how much responsibility should be placed on local government. Aligned with the LTCCP, there are three sets of Community Outcomes covering the Tauranga urban area. What the community identifies as their desired outcomes has the potential to influence the extent and process the local authority decides to have regarding local economic development.

In terms of providing for local economic development, the LGA promotes control being taken by local bodies regarding local well-being. The Act does not explicitly encourage the development of partnerships but does not inhibit their use. The Act requires a publically participative process to be undertaken. The Act does not actively promote the creation of a diverse economic and employment platform, it simply promotes ‘economic well-being’. Finally, the Act does not require innovation and entrepreneurship.

The purposes of the identification of community outcomes are—

- (a) to provide opportunities for communities to discuss their desired outcomes in terms of the present and future social, economic, environmental, and cultural well-being of the community; and
- (b) to allow communities to discuss the relative importance and priorities of identified outcomes to the present and future social, economic, environmental, and cultural well-being of the community; and
- (c) to provide scope to measure progress towards the achievement of community outcomes; and
- (d) to promote the better co-ordination and application of community resources; and
- (e) to inform and guide the setting of priorities in relation to the activities of the local authority and other organisations.

**Box 3 Local Government Action section 91(2)**

### **5.3.2 Legislation: The Resource Management Act 1991 (RMA)**

The RMA is New Zealand’s guiding resource management document and is often considered the most relevant legislation for the planning profession. This document situates sustainable development as the guiding principle, it is worthy to note that the purpose of the RMA is “to promote the sustainable management of natural and physical resources” (RMA 5(2)).

Sustainable management is defined within the Act as:-

*Managing the use, development and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic and cultural well-being and for their health and safety while – sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and avoiding, remedying, or mitigating any adverse effects of activities on the environment (RMA section 5(2)).*

This is relevant to local economic development as land use planning restricts or enables what local economic development activities are able to be undertaken. While the definition of sustainable development includes the requirement to ‘provide for economic well-being’, the focus of this Act is very much focused on protecting the environment and it is effects based as opposed to outcomes based.

The Minister for the Environment has a responsibility for undertaking functions involved in administering the RMA (see RMA section 4(24)). The Ministry for the Environment provides guidance in terms of sustainability and development. How the sustainable development concept is utilised and perceived by local authorities is dependent on their interpretation of the definition within the RMA.

The purpose of the RMA is not aligned with facilitating the management of local economic development. It is an ‘environmental effects’ based document, it is interesting to note that the predominant planning legislation has a predominately environmental focus. While the Act does promote public participation, it does not facilitate local level control of economic development, a partnership approach, a diverse economic and employment platform nor innovation and entrepreneurship.

### **5.3.3 Agency: Ministry for Economic Development (MED)**

The MED is responsible for assisting the government in achieving its “long term goal of growing the economy to deliver greater prosperity, security, and opportunities to all New Zealanders” (MED, n.d: online). The MED contributes to this goal by providing support, services and infrastructure to facilitate improvements in business capability, innovation and productivity. The New Zealand Sustainable Development Programme of Action consisted of four areas of specific interest: water quality and allocation; energy; sustainable cities; and child and youth development. The MED (formally the Ministry of Commerce, see Ministry

of Economic Development Act 2000) was responsible for leading the Sustainable Cities component of the Programme of Action, this project expired in 2006 (key informant 25).

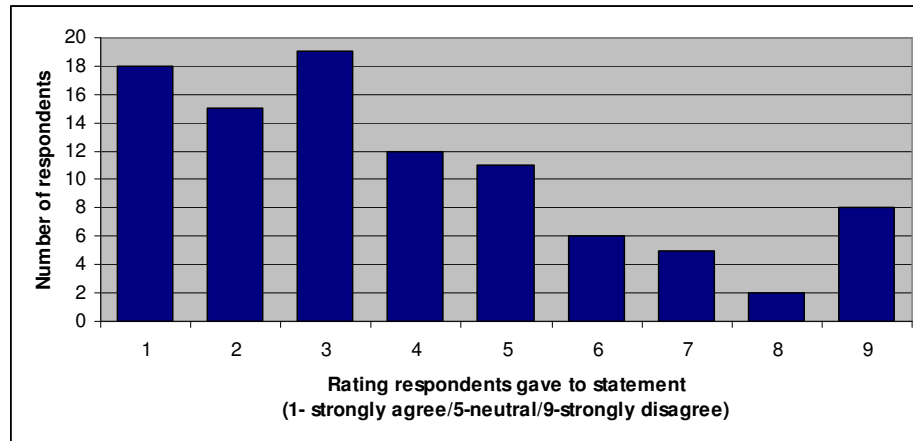
The MED is “involved in regional economic development when there is a wider national economic benefit” (key informant 25). They have a limited amount of taxpayer money to spend; so focus on facilitating growth in export businesses as these have the greatest national benefit (key informant 18). This means that there is little scope for supporting small retail businesses. This is an understandable strategy from the national level because if, for example, New Zealand Trade and Enterprise were to provide support to one dairy and that one dairy becomes more successful, that does not really help that sector nationally (key informant 18). In the past there have been a number of initiatives by the central government supporting local economic development. For example the Growth and Innovation Framework of the early 2000’s was developed in order to improve New Zealand’s ranking within the ‘Organisation for Economic Co-operation and Development’ and this included an emphasis on a Regional Partnership Programme. The focus of MED has now shifted to focusing on industry sector growth as opposed to focusing on the growth of specific regions (with Auckland being an exception) (key informant 25; MED, 2010).

In one interview, New Zealand Trade and Enterprise (NZTE) discussed their role as a regional office working on behalf of MED. NZTE implements initiatives for MED. It was a directive of MED to require economic development strategies to be delivered at a broader regional level (16 regions instead of 25) (key informant 16). This initiated the development of the Bay of Connections regional development strategy. “The goal [of NZTE] is to increase the income of New Zealanders” this involves supporting the internationalisation of business. NZTE said they “also have a role to build and grow the environment for enterprise” which includes supporting businesses at both the regional and national level. As working at the regional level is a component of growing the national economy, this cannot occur without the existence of partnerships (key informant 20).

In terms of MED supporting the working definition of local economic development for this research project, the MED aligns with some elements of the concept. MED supports the notion of local agencies having control over local activities in the sense that it is the most effective way to achieve national outcomes. MED supports the partnership approach, for example NZTE works regionally with other economic development agencies and partners. The MED supports a diverse economic and employment base, with a strong focus on

supporting export based industries. Similarly, MED supports innovation and entrepreneurship when it is likely to have positive outcomes for the national economy.

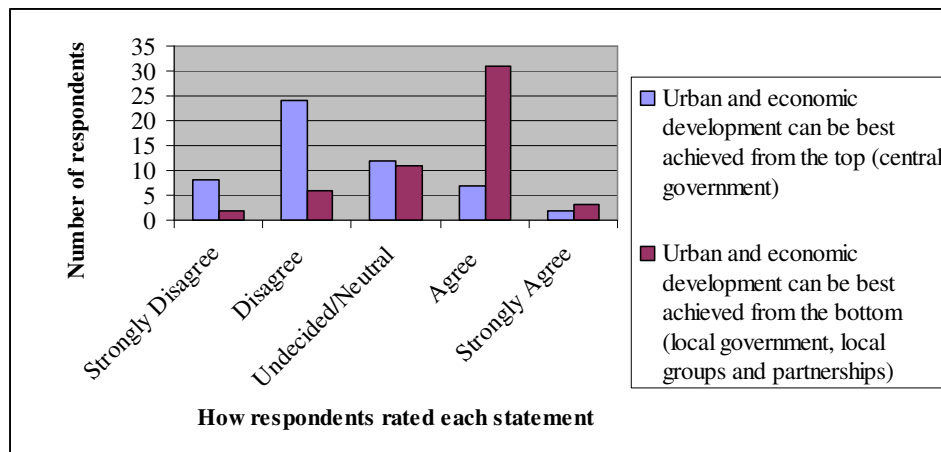
#### 5.3.4 Assessment: Local Business and Community Views



**Figure 14 ‘The government should provide funds for community based planning to be undertaken’**

Community survey respondents are in general agreement that the government should fund community based planning initiatives (average response 3.823/9) see Figure 14 above.

The findings also suggest that community survey respondents believe that urban and economic development can be better achieved from the bottom than the top (average score 3.509 versus 2.453), see Figure 15.



**Figure 15 How respondents feel about the management of local economic development**

These results suggest that central government provides general frameworks for localities to work within as opposed to specific directives. By utilising a comprehensive partnership approach, in Tauranga a variety of organisations and individuals are involved in a variety of local economic development activities. The management of local economic development, in terms of the legislation and documentation, is simply that of direction and boundary

provision. Within this there is scope for the development and implementation of additional and innovative local economic development strategies. There is no restriction placed on who is able to undertake these activities.

## 5.4 Local Government Bodies

Under the Acts introduced above, the local authorities are required to develop and implement a number of planning and policy procedures. Resource management and land use planning documents are relevant to this study because the rules imposed on local authorities influence the forms of local economic development able to be undertaken. It is beyond the scope of this study to look at how local economic development is facilitated by the specific rules. Instead, it is of interest to know how local economic development is managed and is, or could be, incorporated into the planning systems. This section introduces the relevant Regional Policy Statement, District Plan and Long Term Council Community Plan and how this sets the framework for local economic development.

### 5.4.1 Documentation: Environment Bay of Plenty

#### *Regional Policy Statement*

The operative Bay of Plenty Regional Policy Statement (1999) “promotes the sustainable management of the Bay of Plenty region’s natural and physical resources” (RPS: 5). There is no specific provision for, or rules regarding, economic development within the Environment Bay of Plenty Regional Policy Statement. The Regional Policy Statement neither promotes nor hinders working in partnership, public participation, economic diversity and the existence of entrepreneurship.

#### *Long Term Council Community Plan*

The Outcomes identified for the EBOP LTCCP are listed in Box 4 below and suggest that key components of the working definition of local economic development are also important to the local community.

- A Clean and Protected Environment
- Healthy and Safe Communities
- Value on Learning and Excellence
- Quality, Affordable Infrastructure
- A Vibrant and Fulfilling Lifestyle
- **A Prosperous and Sustainable Economy**
- Open and Inclusive Leadership
- Respected Culture and Heritage (BOP Community Outcomes Report, 2008)

**Box 4 Community Outcomes EBOP LTCCP (emphasis modified)**

### 5.4.2 Documentation: Tauranga City Council District Plan

As presented in Box 5 below, although the District Plan does not provide for economic and social development, it does regulate the environment within which this development takes place, and therefore has the potential to influence these activities. The District Plan neither hinders nor encourages the management of successful local economic development.

#### Box 5 Tauranga District Plan section 1.1 (emphasis modified)

The District Plan is a key component of Tauranga District Council's strategy for the environment. It sets out the issues, objectives and policies in relation to promoting sustainable management of natural and physical resources, and managing the effects of activities on the environment, but does not address wider issues of economic and social development and the way these must be managed as part of a sustainable future. In particular, **the District Plan does not regulate activities to achieve a social or economic outcome although its environmental focus may influence these outcomes.** (TCC, n.d.)

### 5.4.3 Documentation: Tauranga City Council Long Term Council Community Plan

One of the Community Outcomes identified in the LTCCP (see Box 6) is that Tauranga will have a 'strong sustainable economy'. All the outcomes identified within this LTCCP contribute to local economic development as they involve fostering an environment within which people are helping themselves to develop their area to be a better place people want to live and work.

Tauranga Tomorrow had eight outcomes. They are:  
 To have a city that is:  
     • easy and safe to move around • built to fit our hills, harbour and coast.  
 Tauranga will have:  
     • a clean, green, valued environment • actively involved people  
     • vibrant, healthy and diverse communities • **strong sustainable economy.**  
 while  
     • living well and wasting less.  
 And finally Tauranga will be:  
     • a great place to grow up. (Tauranga Tomorrow Report, 2008)

#### Box 6 Tauranga Community Outcomes (emphasis modified)

The LTCCP identified a number of activities to be undertaken. The summary document of the adopted 10-year plan 2009-2019 states that the council does not have enough funding from its current sources to provide the projects, activities and services that are necessary for, and desired by people who live, work and play in Tauranga. This is an issue that local economic development initiatives could be utilised to help overcome as local economic development fosters creativity to overcome local issues at the local level. By creating an environment that enables and fosters successful local economic development, the Tauranga City Council may find that these activities can be provided beyond the council itself.

The LTCCP supports local level control over local issues, including economic development. The LTCCP also recognises the existence of partnerships and public participation ('Planning and Working Together' chapter in LTCCP). The purpose of the Economic Development section is "to broaden Tauranga's economic and employment base" (LTCCP: 221) suggesting the LTCCP supports economic diversity.

#### **5.4.4 Actions: Strategies**

##### **Tauranga City Council**

Tauranga City Council is undertaking a number of local economic development initiatives. Their five main activities are discussed below, these are: funding; City Partnerships; Community Outcomes; Sister Cities; and zoning and infrastructure provision.

##### ***1) Providing funding***

The Tauranga City Council funds numerous local economic development contracts to (but not limited to): PriorityOne, the Chamber of Commerce, Tourism Bay of Plenty and Creative Tauranga. PriorityOne provides the economic development aspect of the requirement of local government under the LGA to provide for economic wellbeing (key informant 1; key informant 21). There is also an economic development portfolio at the City Council. "The philosophy that Tauranga City Council has is that we're not directly connected with business and so we contract with those organisations who have those connections to do that stuff" (key informant from TCC). For example, there is no tourism officer in council – this portfolio is the sole responsibility of Tourism Bay of Plenty (key informant 9). Creative Tauranga acknowledged that "we've been one of the longest standing agencies of this sort, we're one of the few that is contracted to councils". Similarly, Tourism Bay of Plenty "although primarily funded by those councils, it actually only represents 50% of our total revenue". Likewise, half of Priority One's funding comes from the City Council; there is a targeted economic development rate on businesses that the council uses to fund this (key informant 1). Western Bay of Plenty District Council and Environment Bay of Plenty also provide various funding.

##### ***2) City Partnerships***

Tauranga City Council facilitates a city partnerships programme which involves sourcing funding and in-kind donations from local businesses for community projects. Through the SmartGrowth and Tauranga Tomorrow strategy development, it was recognised that the city would need more infrastructure than it could afford. The City Partnership scheme, which

began in 2003, was developed as an alternative way for the council to secure funding for projects which are desirable for the city, but which the council is not willing or not able to entirely fund itself. “Council will actually say ‘we will fund it to this level, say we will provide 50 – 60% of the funding, you go away and find the rest and if you don’t it won’t happen’” (key informant 2). These are often considered ‘nice to have’ commodities as opposed to essential public goods. Projects that have been undertaken through this project include a BMX track relocation, Tauranga City Council Sustainability and landscaping the ‘K Valley Redevelopment’ including developing cycle ways and walkways.

Tauranga City Council is the first council in New Zealand to secure funding through a partnership scheme specifically like this (key informant 2). The City Partnership arm of the council keeps in touch with the local economic development agency and the Chamber of Commerce to make sure that what they are doing is aligned (key informant 2).

*There were a number of things that the city said it either wanted or needed through some of the planning that council had done, some of the forward planning. And a lot of this really couldn’t be provided if the council just used their usual funding tools of rates, and loans, and impact fees from subdivisions (key informant 2).*

The City Partnership will not accept more than fifty partners in order to retain an element of exclusivity and prestige for the members. This exclusivity is one of the attractive elements of the programme for potential businesses (key informant 2 and 11) City Partners are also assigned one or two relationship managers within the council to facilitate improved and easier relations between the company and the council (key informant 2, 10 and 11). Within the City Partnership programme, there is scope for partners to suggest projects that they would like to be involved in. “Now there’s the opportunity for us to have ideas and take it to them and say ‘hey, would you be interested in this under the partnership’ and we did that recently” (key informant 11), this adds value to how City Partners benefit from the programme and also how the city benefits from the programme.

### **3) Community Outcomes**

Community Outcomes is a requirement of local government (see section 5.3.1), which ensures that the council has a “long term vision for the area” (key informant 5). The principles of the Community Outcomes activities are incorporated into the LTCCP (key informant 5). Via Community Outcomes, a Bay of Plenty network has been established with all the chief executives from the local and regional government (key informant 5).

Community Outcomes was responsible for “leading and facilitating the alignment with other agencies” (key informant 2). The Community Outcomes requirement is relevant to this study, as it assists councils in deciding what local economic development role their community would like them to have.

#### **4) Sister Cities**

Their take on the Sister Cities programme suggests that Tauranga City Council is very economic development focused. This programme is typically a cultural exchange between mayors in New Zealand and a partner country. “Sister Cities programmes foster communications across borders - a mutual exchange of ideas, people and materials in cultural, educational, youth, sports, municipal, professional and technical projects” (Sister Cities, 2009). Tauranga’s Sister Cities are Hitachi City in Japan and Yantai in China. Tauranga has turned this opportunity into an economic development experience. This includes the council working in partnership with Export New Zealand, highlighted by the quote below.

*We decided that for value for money for our community we would do it, but make it an economic exchange, focus it on benefits. ...The mayor provides the governance link and basically we pay Export BOP to do the business linkage, and we’ve been working on that for a few years and it’s really quite successful (key informant 21).*

#### **5) Land zoning and infrastructure provision**

It has been noted that council’s primary role is land and infrastructure provision (key informant 10 and 21). This is ensuring that the physical environment is conducive to local economic development activities. This influences what and how other local economic development activities can be undertaken. It was suggested that council activities beyond this is outside the scope of their required role.

*My role is to create an environment for that to happen; in areas that we’re responsible for particularly, and in other areas that we can help facilitate. So there’s the obvious things that we are responsible for, land use planning is an example... putting infrastructure for it, storm water requirements, waster water, even parks and reserves (key informant 10).*

#### **Environment Bay of Plenty**

Environment Bay of Plenty has an employee who is responsible for co-ordinating the partnership between Tauranga, Whakatane and Rotorua which has resulted in the Bay of Connections Regional Economic Development Strategy. The strategy focuses on “the 13

areas we either have a competitive advantage in or we need to develop further if we want to really get the Bay of Plenty growing quicker and faster and more efficiently” (key informant 6). Environment Bay of Plenty is not necessarily responsible for the projects, they facilitate the creation of the plans (however they have taken on aquaculture). Other projects are facilitated by the local economic development agencies or other council bodies.

Environment Bay of Plenty said “we’re kind of doing really well compared to other regions; some of them may not even be involved in economic development at all” (key informant 6). The reason Environment Bay of Plenty is involved is because the CEO sees value in regional economic development planning. Environment Bay of Plenty has taken on a role in managing local economic development, despite it being beyond the requirements of local government. “I guess we’re [EBOP] the only agency or body in the Bay of Plenty that has a regional focus, so the three EDA’s [economic development agencies] have all got their separate hats on, and the three Chambers, so if one of them took up the role then Rotorua might think Tauranga’s being biased towards Tauranga, it gets political.” (key informant 6). The value of Tauranga being involved in a region wide strategy in addition to at the sub-regional level is because economic opportunities extend beyond defined boundaries (key informant 1 and 6).

### **Western Bay of Plenty District Council**

The Western Bay of Plenty District Council also provides funding for local economic development agencies. They have also developed community development plans for their designated urban growth areas. This is beyond the legislative role of council, nevertheless, after demonstrating to councillors the value of the first community development plans, the Western Bay of Plenty District Council staff have not had trouble securing council funding for further plans to be developed (key informant 17).

#### **5.4.5 Assessment: Why council supports local economic development type activities**

As Table 8 below illustrates, key informants identified three main reasons why local government supports local economic development. 1) It is a requirement under the LGA to give consideration to economic well-being, 2) there are wider social benefits of a healthy economy and 3) it was an outcome of collaboration between the local government bodies.

**Table 8 Explanation and evidence of why local government is involved in local economic development**

<b>Explanation</b>	<b>Example of evidence</b>
1) It is a requirement under the Local Government Act.	“Under the LGA, they [council] have a responsibility around the four well-beings” (key informant 13).
2) Council supports local economic development initiatives because wider social implications of a healthy economy cannot be separated from the economic development activities themselves and the council recognises the role of economic development in healthy cities.	<p>“we want good growth, but we want growth that’s adding economic value, we see the two things being linked together... we need both strategies otherwise we end up with a low value economy which is not going to be that helpful” (key informant 21).</p> <p>“If you’re going to have a healthy community then you’ve got to have a healthy economy” (key informant 10)</p> <p>The City Partnership scheme emerged as a result of the pressures of on-going rapid growth (key informant 2).</p>
<i>“I can’t understand why local government wasn’t involved in economic development from day one. You’ve got social, environmental and cultural but economic is what makes the world go round really isn’t it, money makes the world go round so if you’re not focusing on the economic side of things as well as everything else it’s not balanced” (key informant 6).</i>	
3) In the late 1990’s, the three local councils met and it was agreed that a comprehensive growth management strategy for the area needed to be developed. It was apparent that economic development would be a necessary component of managing population growth into the future and it was through this forum that it was decided how this would occur (key informant 1 and 4).	“It [SmartEconomy] was really a product of SmartGrowth because there was a strong move that there should be an economic development strategy that was part of SmartGrowth but the argument against that was that it would have made the SmartGrowth project too big so it was a discreet part...whilst there is a continual population movement here, it’s about ensuring there is those economic, employment opportunities” (key informant 4).

#### **5.4.6 Assessment: The value of council involvement**

Key informants, across both the private and local government sphere, did not accept the proposition that growth management and economic issues are restricted to administrative boundaries (key informant 11 and 18). The consensus from key informants is that the integrated and collaborative approach used in the Western Bay of Plenty sub-region is good. “Ourselves and Western Bay of Plenty, our neighbours were both growing together, and proportionally both growing at the same pace, and there were so many cross boundary issues that it was blindly obvious to start to work together” (key informant 10). For example, the emerging aquaculture industry which is being developed in a number of places beyond the

Tauranga urban area, such as off the coast of Opotiki (key informant 1, 6 and 15). Therefore, as a result of working together, the various localities are able to utilise their links to achieve the best outcome. Instead local economic development issues involve looking at a less defined area and identifying “what are the collective strengths of that broader region, how do they align with what we are doing here, and how can we leverage those” (key informant 1). It was argued by key informant 1 that local councils are “delivering to Wellington solutions as opposed to problems” and that this is the result of Tauranga’s integrated approach, framed by SmartGrowth.

Globally, sourcing funding is generally a key issue inhibiting local economic development activities. It was found that communication is key for getting funding; the City Partnerships approach gives council a targeted way of getting things done (key informant 2). PriorityOne was initially entirely independent from council. After a year in operation it became apparent that there was not enough funding coming solely from the business community so had to go to council, who utilise a targeted economic development rate to support them (key informant 1).

There was an understanding among key informants that there is a need to have council involved in economic development because the ‘economic’ is integral to quality of life. Despite the rigidity of the Resource Management Act “you can still base your decisions around [economic considerations], you can kind of steer it down the right track though”. For example, with the harbour dredging consent, the economic benefits of the Port were considered as well as the environmental impacts of the dredging (key informant 6).

Council involvement is particularly helpful in terms of community level planning. The councils have an established process, expertise base, relationships and funding which other organisations and groups may not have. The quote below from a facilitator of a community development plan supports this statement.

*There are the finances that you need to take into consideration, there are the resources that you need to take into consideration and there is power base that you need to take into consideration in terms of other policies driving Tauranga development (key informant 22).*

It is argued that this approach is far more developed than what is occurring elsewhere in the country (key informant 11). The consensus was that Tauranga has been a leader in growth

management, “we’re exceptionally different to others [councils] because of our growth rate” (key informant 1). and other cities are now following suit, for example the Waikato and in Canterbury they have begun work on collaborative growth management schemes (key informant 2 and 4). Despite this, “there is a perception that Council has been wasting ratepayers’ money on ‘nice to haves’ and not ‘essentials’ (LTCCP 2009 summary document). It was found that it is very difficult for council to be perceived as doing a good job and doing the right thing by all.

#### **5.4.7 Assessment: Issues associated with council involvement**

It was noted by the majority of key informants that an issue arising from council involvement in local economic development was the often timely and arduous process involved in local government activities and the political nature of decision making at the council level. As Table 9 below highlights, key informants 2, 3, 6, 8, 9, 13 and 18 all specifically noted that there are advantages to certain activities being removed from the council environment.

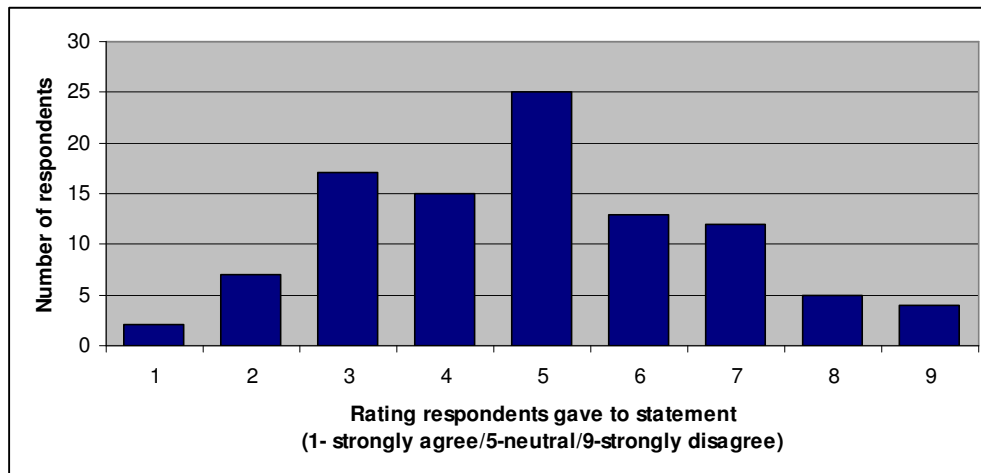
**Table 9 Quotes supporting why people are wary of council being too closely involved in LED**

“And then it all got very political” (key informant 2).
“The focus of council is on providing the basic, hard infrastructure” (key informant 3).
“It’s not a local government document and it’s not a local government strategy which is kind of good in a way because then you can kind of short circuit things, so it’s been quite handy” (key informant 6)
“In terms of overall schemes and planning, not too much involvement [with local government] because a lot of it’s probably political” (key informant 8).
“I think there are advantages in being just once removed from council environment” (key informant 9).
“It’s totally sitting as much as you can outside the political arena, because within council, well it’s my view anyway, there’s sometimes a different agenda between your elected members and your staff” (key informant 13).
“In many, many things, the less council is involved the better” (key informant 18).

Both public and private organisations involved in this study generally remove themselves from council by establishing sources of revenue from other streams to ensure they are not entirely accountable to the council. An agency contracted by the council has “really worked hard at developing other revenue streams for our organisation to maintain that independence so people can’t turn around and say you’re a council organisation” (key informant 9). Other revenue sources include membership fees and funding from other agencies.

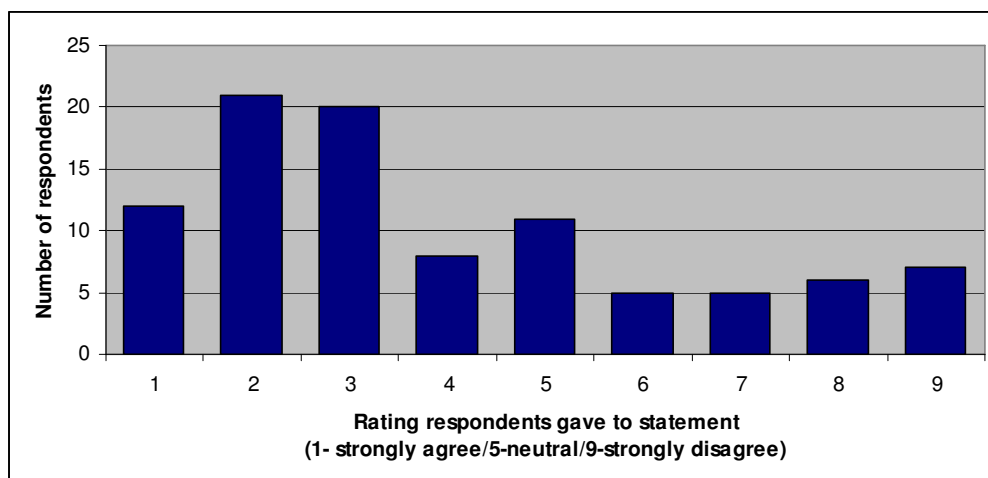
Community survey respondents were neutral (4.9/9, see Figure 16 below) regarding the

notion that “city and regional level planning provides an acceptable quality of life”. This suggests that while these plans are not inadequate, they could be enhanced.



**Figure 16 City and regional level planning adequately provides for an acceptable quality of life for me**

However, as Figure 17 below illustrates, respondents are supportive of local government being responsible for community based development and Tauranga City Council is not currently doing this.



**Figure 17 I would prefer the local government (council) to be responsible for community based development (involving the election process, council staff and using rates money)**

## 5.5 Official Economic Development Strategies

In Tauranga, local economic development is organised through a number of non-legislative policy and planning documents. This section describes the SmartEconomy strategy which is the most prominent non-statutory local economic development document in the Western Bay of Plenty sub-region and the Bay of Connections regional economic development strategy which is facilitated by the regional council and applies to the entire Bay of Plenty

region. There are numerous other associated documents which could be analysed, such as SmartTourism, SmartArts and SmartLiving. However, in order to retain a concise and comprehensive research project, while to acknowledge these is appropriate, an in depth analysis is beyond the scope of this project.

### **5.5.1 Strategy: SmartGrowth and SmartEconomy**

Since the early twenty-first century, Tauranga City Council and Western Bay of Plenty District Council have taken an integrated approach to their planning, based on the SmartGrowth strategy. SmartGrowth was developed as a sub-regional voice on key issues, developed through a working partnership between the Tauranga City Council, the Western Bay of Plenty District Council, Environment Bay of Plenty and, arguably, tanagata whenua. It emerged because it was difficult to plan without having an overall picture of the projected growth, and was, and is, used to aid the councils to work together in a manner they had never done before (key informant 4). All key informants agreed that SmartGrowth has been successful in creating a working relationship between the councils. A major business noted that along with other businesses, they do “not [have] much interaction with SmartGrowth, [they] will provide input and support, [it is] very positive, but more for councils” (key informant 3). Background research supporting this strategy has been undertaken since 2001, with the strategy being implemented in 2004. This is a fifty year growth management strategy, planning for population growth, land use, economic development and infrastructure until 2050. This strategy (see vision statement in Box 7 below); it aims to improve the economy to provide a high quality of life for its residents.

The SmartGrowth strategy itself is not binding. Instead, the principles, objectives and actions are implemented by the various councils through their statutory planning requirements including (but not limited to) the regional policy statement, district plans and long term council community plans and this provides a key base for local economic development.

By the year 2050 the western Bay of Plenty will be a unique sub-region, which has:

- Maintained and improved its natural and cultural environment.
- Enhanced the lifestyles of its communities and provided for the social needs of the people.
- Created a thriving sustainable economy.
- Provided an efficient and affordable infrastructure.
- Implemented an efficient and integrated planning process for growth management.

(SmartGrowth, 2007: 13)

**Box 7 SmartGrowth Vision Statement**

Economic development was identified through the SmartGrowth process as an integral component of successful growth management. “A thriving economy is an important component of sustainable development as it enables people to meet their needs, through employment and the availability of services” (SmartGrowth, 2007: 132). However, it was decided that, in order to retain the focus of the SmartGrowth strategy on population growth management, an economic development strategy be an associated but separate document. This led to the development of the SmartEconomy Strategy. As Figure 18 below illustrates, SmartEconomy focuses on innovation, lifestyle, the business environment, education and skills and having a networked economy.

<b>Vision:</b> <i>The Western Bay of Plenty is the business location of choice based on sun, sea, soil and skills resulting in a highly productive, competitive, and export-based economy</i>				
THEMES				
Targeting Drivers	Removing Barriers	Partnership Approach		
<b>Innovation &amp; Entrepreneurship</b> <i>“The Culture”</i> <i>Value added and export oriented</i>	<b>Lifestyle</b> <i>“The Place, the People”</i> <i>Sun, sea, soil and skills delivering an enviable quality of life</i>	<b>Business Environment</b> <i>“The Basics”</i> <i>High quality, competitively priced</i>	<b>Education &amp; Skills</b> <i>“The People”</i> <i>Skilled, enterprising and adaptable</i>	<b>Networked Economy</b> <i>“The Linkages”</i> <i>Highly connected</i>
Action Areas	Action Areas	Action Areas	Action Areas	Action Areas
1. Promote and support innovation and entrepreneurship in the sub-region 2. Promote and support innovation and entrepreneurship within learning institutions 3. Attract and support innovative and export focused SMEs/corporate relocations with emphasis on export sustainability 4. Promote research and development partnerships 5. Promote Maori economic innovation and development	1. Invest in vibrant CBD and town centres 2. Provide high class sports, art, cultural and leisure facilities and activities 3. Provide high quality open space	1. Ensure stable power supply with sufficient capacity 2. Provide communication infrastructure 3. Improve rail infrastructure 4. Improve air services 5. Promote the efficient, sustainable use of resources and encourage sustainable business practices and design 6. Complete the strategic roading network 7. Improve business – local government relationships and understanding	1. Expand and promote tertiary opportunities to improve the sector's contribution to the sub-region's economy 2. Address current skill gaps and plan for future skill needs 3. Improve literacy and business education in schools and encourage school leavers to gain school qualifications 4. Promote on-going up-skilling and work-based training 5. Skill development for Maori	1. Facilitate business networks and cluster initiatives 2. Encourage liaison and information sharing between business, economic development agencies, local and central government 3. Foster partnerships between business, local government, central government and education sectors 4. Maintain and develop relationships with central government 5. Develop community awareness of the importance of economic development built on sustainable business practices 6. Develop joint initiatives with the rest of the region/other regions

**Figure 18 SmartEconomy Strategy summary (SmartEconomy, 2007: 4)**

The principles and activities of SmartGrowth and SmartEconomy align with the working definition of local economic development for this project. The management supported by these strategies encourages economic development to have local level control; partnerships; involving the public; developing a diverse economic and employment base; and innovation and entrepreneurship. SmartEconomy is predominately administered by PriorityOne, the Tauranga based local economic development agency, in association with the Chamber of Commerce as appropriate – see section 5.5.3 below. The only negativity identified during this study regarding the SmartEconomy strategy was the question of how it incorporates Maori economic activity. The Maori economy is included as an identifiable action within the strategy as opposed to being engrained throughout the entire document. This was noted by key informant 12, a reputable Maori representative, that “you should show within your SmartEconomy development how you’ve given effect to different investment and return

economic needs and desires, how have you done that, as opposed to ‘we need to give account to Maori economy’.

### 5.5.2 Strategy: Bay of Connections

The Bay of Connections Regional Development Strategy is the economic development strategy for the entire Bay of Plenty region, encompassing the economic development agencies in Tauranga, Rotorua and Whakatane (Bay of Connections, 2007). This strategy assumes a partnership approach and is governed by an independent board, but is co-ordinated by Environment Bay of Plenty (key informant 6). The vision presented within the Bay of Connections strategy is “the Bay of Plenty – the most dynamic and progressive region – where we work together to achieve economic prosperity, a sustainable environment and improved well-being for all people” (Bay of Connections: 1(2)). The first of nine points in the Strategy Implementation list is “commitment to a sustainable economic development approach”.

The strategy is governed by a group consisting of “three nominated regional business representatives; one representative from each of the three Economic Development Agencies and, [and] a COBOP [Community Outcomes Bay of Plenty] representative” (BOC, 2010: online). The Regional Governance Group is supported by a Management Group made up of Environment Bay of Plenty's Group Manager Strategic Development and an officer from each of the three Economic Development Agencies. A management team is responsible for implementing decisions and actions of the Regional Governance Group. As Figure 19 below illustrates, there are 13 key areas which Bay of Connections focuses on.

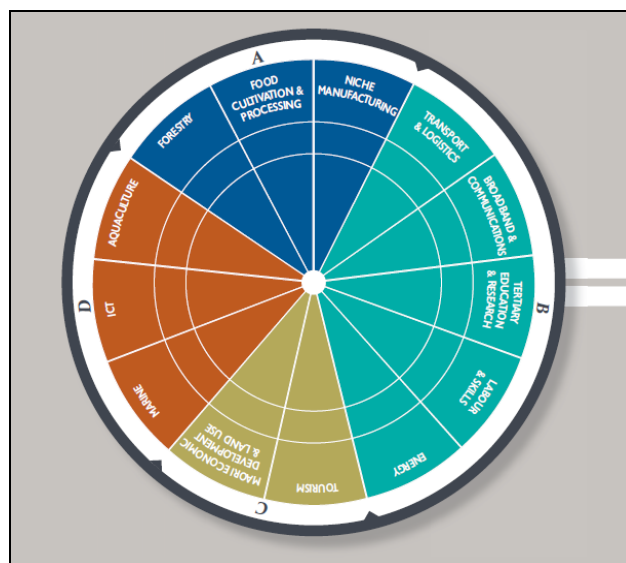


Figure 19 Areas of Focus for Regional Economic Development (Figure from BOC, 2007: 26)

### **5.5.3 Agency: PriorityOne and the Chamber of Commerce**

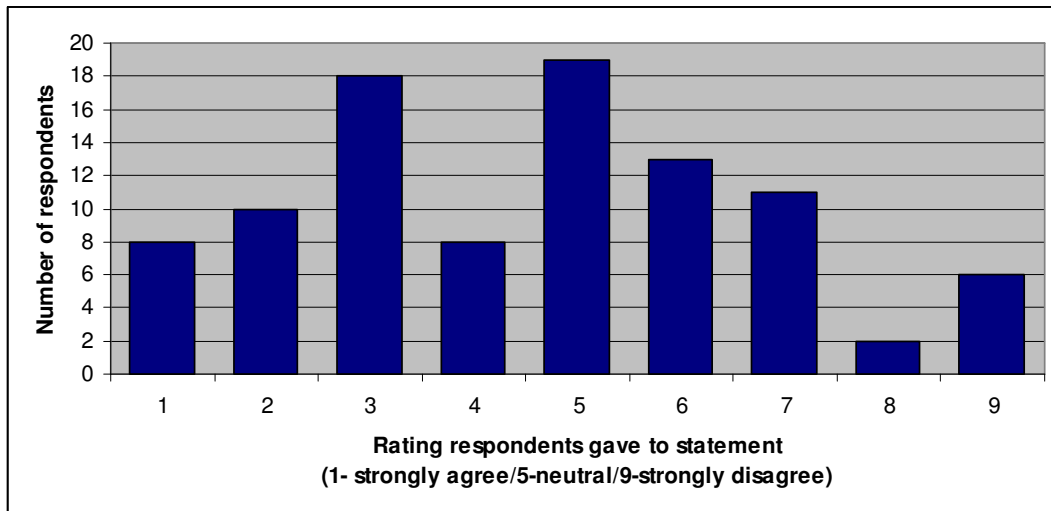
PriorityOne is the key economic development agency in Tauranga, and they are assisted by the Chamber of Commerce and a number of other partners. As PriorityOne has limited funds (from the council and their membership fees), a choice is made to focus on areas that will have the biggest impact (key informant 18). They identify “what the main things are that they could do to really assist the economy...real potential growth sector, the tertiary, the marine sector, having good industrial parks” (key informant 18). There is a positive feeling among the community regarding the approach PriorityOne is taking, “I think that’s where we’ve been very, very lucky having the likes of an economic development agency that wants to work in partnerships” (key informant 9); “we’re incredibly fortunate in this region to have PriorityOne as our economic development agency because they’re so progressive, and they just get out there and drive projects” (key informant 19). This raises partnerships and progressiveness as two key characteristics of successful local economic development management.

The management of Tauranga’s economic development has a number of unique elements. Economic development agencies in New Zealand are often a branch of council and usually undertake both economic development and enterprise development (key informant 1, 18 and 21). “In Tauranga, it’s done a little bit differently, PriorityOne as the economic development agency has delegated the enterprise development services to the Chamber” (key informant 18). As such, the nature of PriorityOne is unique for an economic development agency in New Zealand, it is focused at the strategic level, focusing on building competitive advantage. The business capability development and enterprise training component of local economic development is undertaken by the local Chamber of Commerce (key informant 1 and 18). This highlights the uniqueness of the Tauranga economic development agency to in other New Zealand cities, key informant 9 noted that the Hawke’s Bay economic development agency has recently been moved into the regional council. They are involved in activities such as the Harbour Central Marine Precinct, Intercoast and the four-lane eastern link (PriorityOne, 2010).

### **5.5.4 Assessment: Key Organisations involved in Local Economic Development**

There was no definitive response from the local resident survey respondents regarding the level of responsibility non-governmental organisations and agencies should have for the development of locally based plans, as illustrated in Figure 20 below. This is likely due to a

lack of awareness of what organisations and agencies may undertake this activity or what this activity may involve.



**Figure 20 I would prefer a non-governmental organisation or agency to facilitate the development of a local based plan**

Table 10 below displays a summary of the key organisations identified throughout this study and provides a brief description of their role. The descriptions are based on interviews, surveys and reading relevant documents.

**Table 10 Summary of key organisations involved in local economic development activities in Tauranga**

<b>Agency / Organisation</b>	<b>Description / Local economic development role</b>
PriorityOne	Contracted sub-regional economic development agency. Works at the strategic level. Predominately responsible for developing and implementing the SmartEconomy strategy.
Chamber of Commerce	Works at the small – medium sized enterprise level. Provides business support, education and networking.
New Zealand Trade and Enterprise	A regional office of a national organisation, a branch of the Ministry of Economic Development. Primarily support export businesses.
Export NZ (BOP)	Regional office of Export New Zealand. Focuses on growing the economy through
Creative Tauranga	A charitable trust. Help to create the environment that will attract and retain the type of people who are desired by the local economic development strategy. “For skilled people to want to come and live and work here they want to see arts and culture in the city that they’re coming to” (key informant 13)
Tourism BOP	A council controlled organisation. Tourism is a major industry in Tauranga. It’s about attracting more people, to stay longer and spend more money – this includes enhancing existing businesses and identifying new opportunities.

## 5.6 Local Businesses

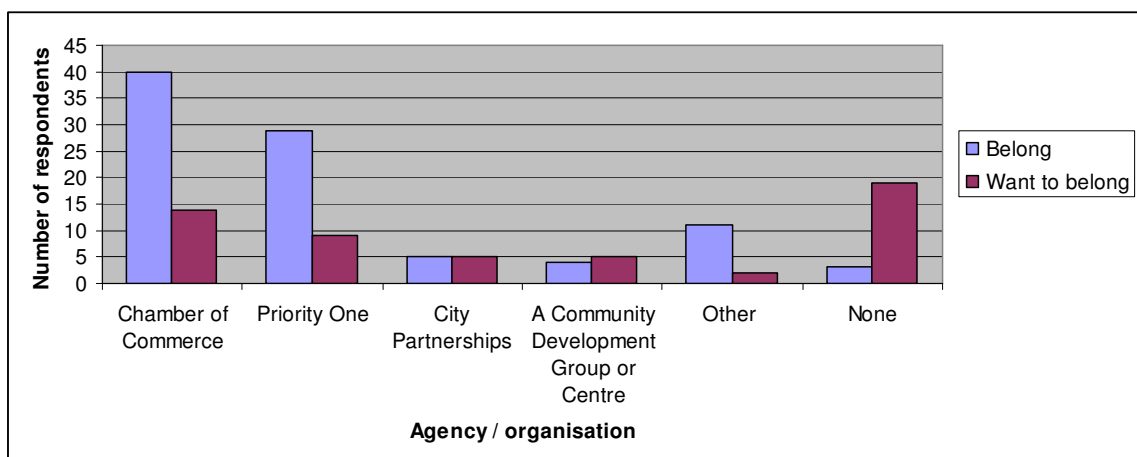
This research has found that various local businesses are involved in some form of local economic development, be it an activity of their own or in association with an official economic development agency. This section overviews the activities the businesses undertake and provides an assessment of their involvement as ascertained through the key informant interviews and local community and business surveys.

### 5.6.1 Activities: Membership of local organisations

Local businesses are involved in a range of local economic development activities, as discussed by key informants 2, 3, 7, 8 and 11 (see Table 11 below). Specifically, key informants noted that local businesses are involved in the City Partnerships programme, provide employment, work with PriorityOne and the Chamber of Commerce and provide community sponsorship. Beyond this, the specific projects they are involved in usually stem from other organisations and these are discussed in section 5.5 above.

**Table 11 LED activities businesses undertake**

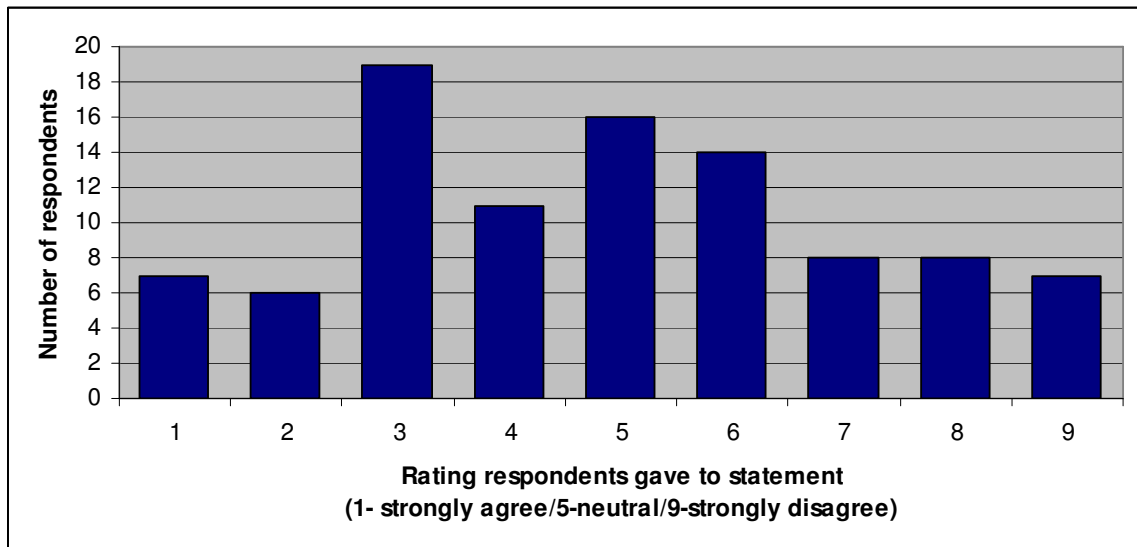
“We do a mix of in-kind, some cash and an award as well... we like to contribute where we can” (key informant 11).
“We do contribute a lot to the local, we are a big employer, we have about 300 on site here and we’ve got about 450 total, about 300 here” (key informant 3).
“We keep in close contact with PriorityOne...in their video campaign to get overseas expats back to the BOP, we definitely work closely with them on that kind of stuff. We’ve one of the principle sponsors of the Shanghai expo” (key informant 7).
“There’s a lot of individuals within the Chamber of Commerce, PriorityOne there’s a lot of dialogue that happens” (key informant 8).
“We tend to support the Chamber of Commerce quite a bit” (Key informant 3)



**Figure 21 Membership of local organisations**

Figure 21 above illustrates that generally business survey respondents belong to organisations and agencies, but that they may not have applied, been accepted, or there may be another inhibiting factor for not yet being a member. Responses highlighted various other agencies which businesses feel it is important to be affiliated to including the Institute of Financial Advisors, Te Puke Fast Forward, Export New Zealand, Institute of Directors, Human Resources Institute of New Zealand, Project Management Institute, Export Bay of Plenty, ICT Cluster, Food Bay of Plenty and Business Network International. The main reason for respondents belonging, or wanting to belong, to these groups was the (perceived) benefits of networking. Other reasons included: development of client contacts; to access local knowledge; to understand some of the longer term issues; to be a part of the decision making, to promote economic development; to have a voice in infrastructure development; for training; early advice of opportunities; to contribute to the community; to increase exposure; and to develop business along with the area and community.

Community survey respondents were fairly neutral regarding the role local businesses should have in assisting community based planning (average 4.865/9– see Figure 22).

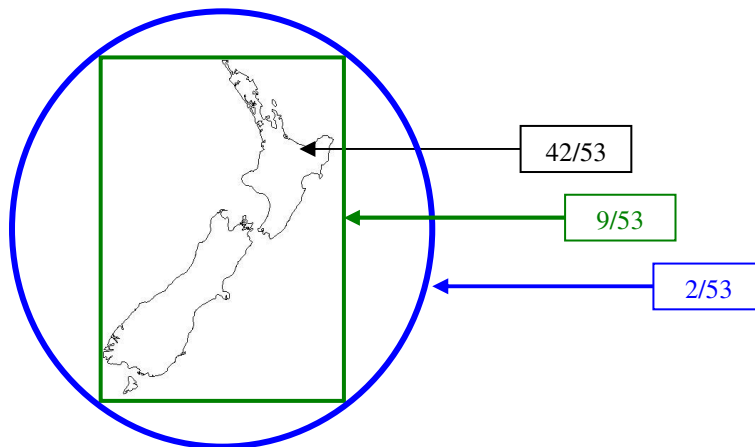


**Figure 22 I believe that local businesses should provide funds for community based planning to be undertaken**

### **5.6.2 Assessment: Value of local business in local economic development**

Where a headquarters is located influences where the business profits are spent and where key decisions are made. Local businesses profits are likely to stay in the local area, while nationally based and offshore businesses result in the profits spent elsewhere (though benefit is still felt by the local community through employment, wages and salary). As illustrated in

Figure 23 below, of the fifty-three respondents the majority (forty-two) are Tauranga based firms (firms with local headquarters) and only two respondents have headquarters based offshore. This is beneficial for this study as the sample of views gathered represent firms who have a direct interest in the management of Tauranga.



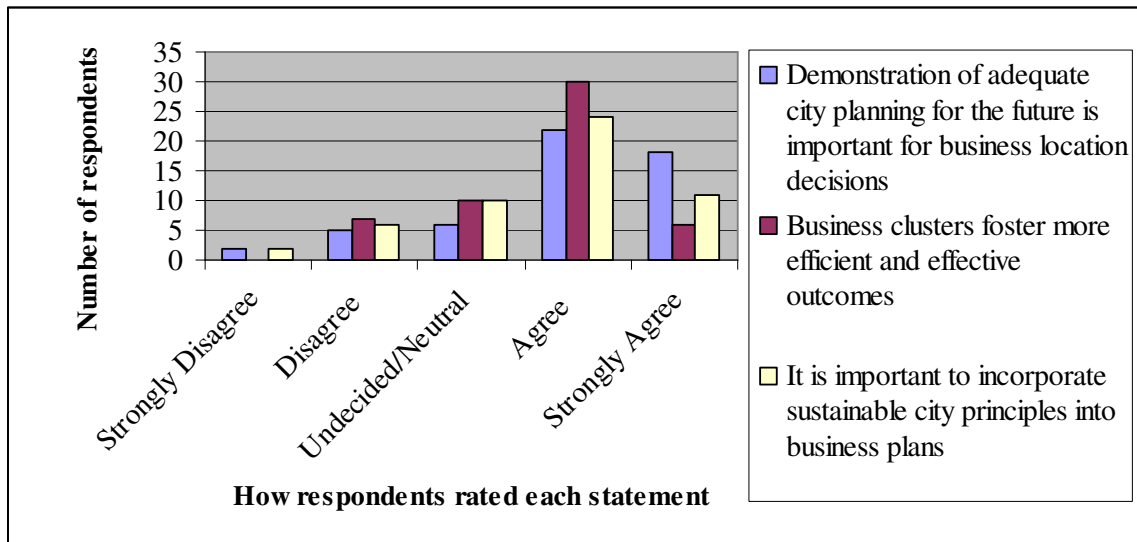
**Figure 23 Location of headquarters of respondents**

The surge in population growth was not simultaneous to when the businesses survey respondents were established. The most significant population growth occurred between 1970 and 1990 (see Chapter 4), however, as illustrated by Figure 24, of the fifty-two business respondents, twenty-nine established in Tauranga within the last decade, seven established during the 1990's, ten during the 1980's and the remainder in the 1970's or earlier. It is possible that this recent surge in business establishment will assist in developing the economy to a level where it matches the population growth. This period also aligns with the implementation of the official local economic development strategies.



**Figure 24 Date of establishment of business that participated in the survey**

As illustrated by Figure 25 below, the business survey participants agree that the 'demonstration of adequate city planning for the future is important for business location decisions' (average response 3.925/9), that 'business clusters foster more efficient and effective outcomes' (average response 3.660/9) and 'it is important to incorporate sustainable city principles into business plans' (average score 3.67/9). These results suggest general agreement from business survey respondents regarding a sample of local economic development ideas. This implies that the business community are generally supportive of the local economic development concept.

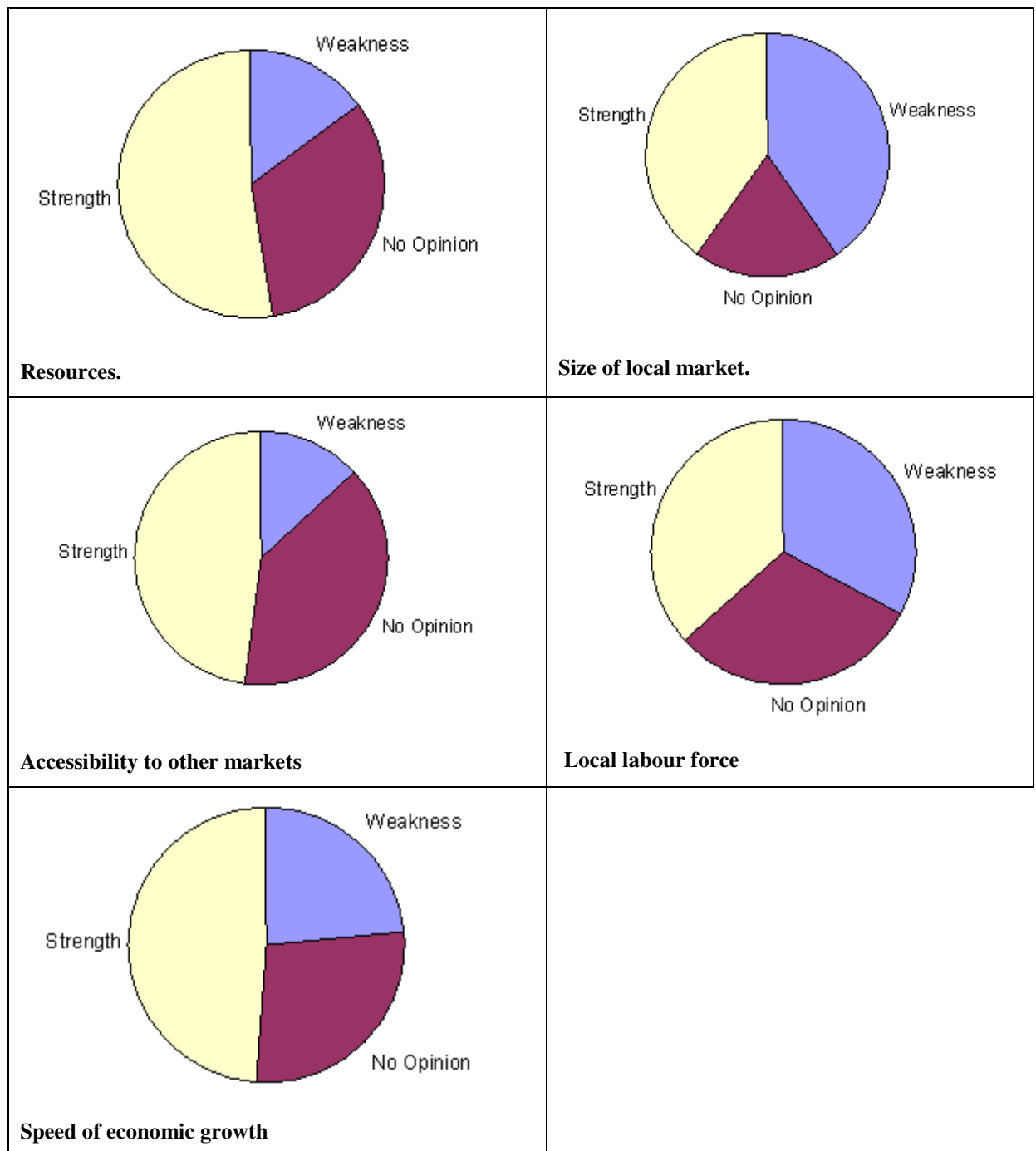


**Figure 25** How respondents feel about the management of local economic development

### 5.6.3 Assessment: Strengths and weaknesses of the local economy

Business survey respondents were asked to evaluate a variety of features of the local economy and rate them as a strength, a weakness or whether they had no opinion. Results from this question are illustrated in the five pie charts below (Figure 26). It is notable that many respondents hold no opinion regarding a number of these economic characteristics and it is valuable to identify these areas as it may be worthwhile exploring the possibility of turning these characteristics into strengths.

Around half of the respondents perceived local resources, accessibility to other markets, the support available to businesses and the speed of economic growth as strengths of the local economy. The most unattractive factors about the local economy were rated as the size of the local market and the available local labour force. Perspectives on the size of the local market and the local labour force were divided fairly equally between the three options (of strength, weakness or no opinion). This suggests that these are not a particular issue, nor are they particularly beneficial and this in turn implies room for improvement.



**Figure 26 Business Response to the question: ‘please identify what you perceive the strengths and weaknesses of the area’s economy to be’**

Business survey respondents were asked if they are aware of the existing population growth management and economic development strategies – the purpose of using this terminology was to prevent people responding ‘yes’ if they were just aware of the term ‘SmartGrowth’ as opposed to what the document entails. Only thirty-eight of the fifty-two business respondents were aware of the current population growth management strategy, leaving fourteen respondents unaware of the SmartGrowth strategy. Similarly, only thirty-four of the respondents were aware of the current economic development strategy, leaving fourteen

respondents unaware of the SmartEconomy strategy with another four respondents choosing not to answer the question. While 73% of respondents are aware of at least one of the strategies, only 48% of the respondents said they had had the opportunity to participate in the development of urban and economic development strategic plans. Furthermore, only 62.5% of those that had the opportunity took it up. This suggests that there is limited awareness of or limited buy-in into these strategies at this point in time.

#### 5.6.4 Assessment: Why businesses get involved

The main drivers identified by key informants for wanting to be involved in local economic development are for recognition, improving business and for giving something back to the community and their customers and employees, as highlighted in the quotes featured in Table 12 below.

There are also a number of reasons why businesses are wary of becoming too involved in local economic development. It is hard to know what the community actually wants and when businesses are not solely located in Tauranga it can be difficult to convince distant owners why they should be supporting Tauranga, as illustrated in Table 13 below.

**Table 12 A sample of quotes suggesting why businesses get involved in LED**

“There’s also been a degree of ‘if we don’t someone else will’” (key informant 11).
“it’s the people of the BOP and stuff like that who’ve made Kiwifruit such a success here. It’s such, so widespread in the BOP that probably if you give to a school and there’s probably at least 1 kid of 1 grower there or something like that. There are connections everywhere” (key informant 7).
By becoming members of the Chambers of Commerce, businesses “are effectively sponsoring the voice of businesses, we are able to write letters to the newspaper...there’s a whole range of services that we provide for the business community and is paid for by members” (key informant 18).
“You’ve got to decide why you’re contributing in some cases. If it’s all for getting something back then it’s not really giving. But you know, you’d like to think that it swings in roundabouts and one day a good favour here will be returned somewhere else. But often there’s not a direct linkage between them” (key informant 11).

**Table 13 Why businesses are wary to become involved in LED**

“We’ve got to be pretty careful to work across the country, we’ve got stakeholders everywhere” (key informant 3, large company).
An interview was undertaken with one local consulting firm who is a City Partner member, with the purpose of discussing the pros and cons of the City Partner programme. They noted that it is a good strategy because you are then providing things the city needs / wants, but that that is only in the perspective of what the council thinks they need / want (Key Informant 11, large business)
“Not really too much to do with the council planning, we submit heavily on any plans and that really is just to try and indicate to them how we think they should be doing their planning and what we would like to see” (key informant 8).

The results from the community survey suggest that businesses have a responsibility to support the local community, whether individually or in conjunction with the local government (see Figure 27 below).

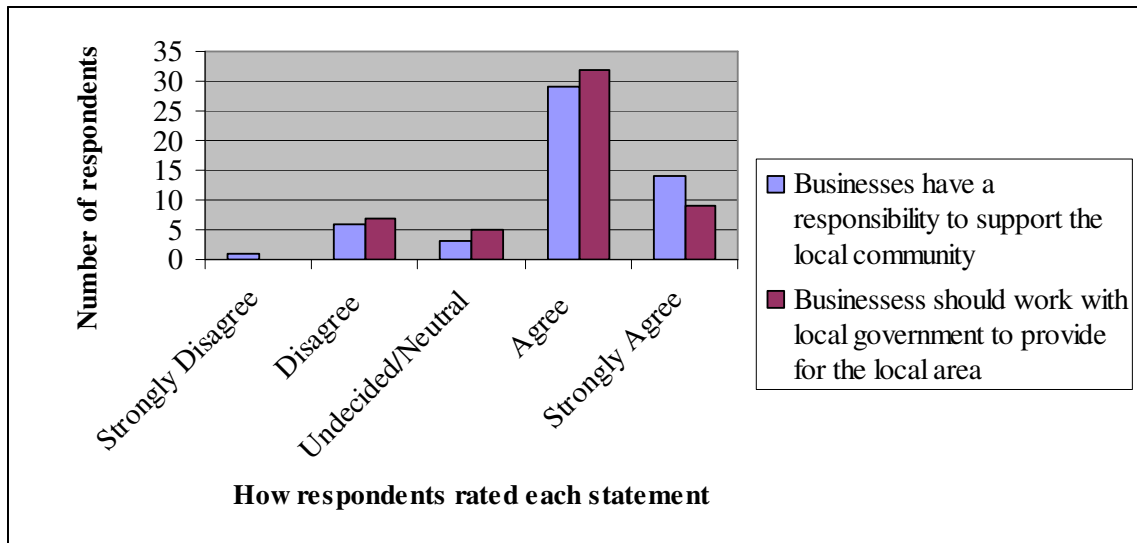


Figure 27 How respondents feel about the management of local economic development

## 5.7 Community Level Strategies

It was identified during the literature review that local communities have become involved in the process of local economic development. This section provides the findings from the document analysis, key informant interviews and business and community surveys regarding the role of community level economic development strategies in Tauranga in terms of agencies, actions and an assessment of this process.

### 5.7.1 Agencies

Welcome Bay and Merivale were two community groups identified within this research project that have taken it upon themselves to develop community plans. Both groups are based on the idea that they can best identify what it is that the community actually wants and potentially getting that actioned. The Welcome Bay plan is being developed based on a very bottom up approach, getting those people involved in the community to become a part of the planning process, actioning it and really taking ownership for it (key informant 22). In Merivale, an attempt was made to speak with a member of every household in the community (key informant 24). The extracts below, in boxes Box 8 and Box 9, are from the Merivale and draft Welcome Bay community plans. It is notable that both documents identify education and employment as integral components of improving the well-being of community members.

Overwhelmingly the feedback has indicated that better communication in and around the Welcome Bay community is needed. This is for a variety of things like letting people know what activities are going on (and having more community activities as well), **what businesses and services are available and how to access them**, what parks are available and where they are located, and most importantly increasing the profile of Welcome Bay in a positive way both to the community itself and to the rest of Tauranga.

Objective 1: We want Welcome Bay to have...a clean green environment

Objective 2: We want Welcome Bay to be... a safe and secure environment to live in

Objective 3: We want Welcome Bay to...provide an improved social environment

Objective 4: We want Welcome Bay to...create a united spirit and culture

**Objective 5: We want Welcome Bay to...establish economic opportunities**

Objective 6: We want Welcome Bay to...be a youth friendly environment

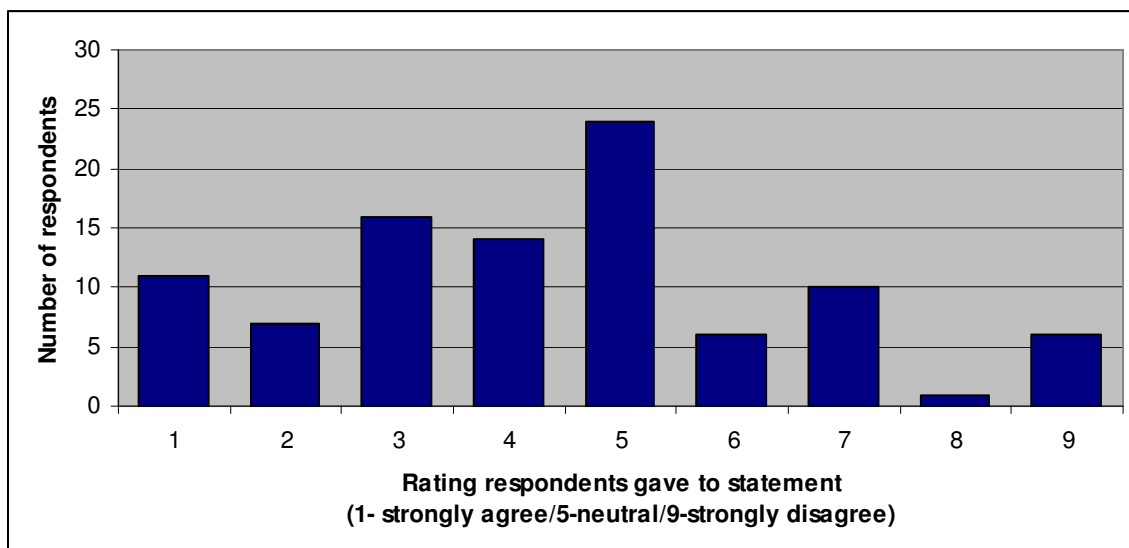
**Box 8 Extract from the draft Welcome Bay Community Plan (emphasis modified)**

“We need to revitalise the physical environment, making the sort of improvements that signal a positive community where everyone feels safe and at home. This means addressing pressure points for those who live here – better supporting parents and whanau, enhancing the quality of parenting, **providing better education, training and employment opportunities**. None of this will happen overnight. What is required therefore is a co-ordinated plan of action that is sustainable and achieves progress that is meaningful and tangible to residents. Funding alone is not the answer, although more will be needed to tackle the challenges on the scale required.”

**Box 9 Extract from Positive and Proud Merivale (emphasis modified)**

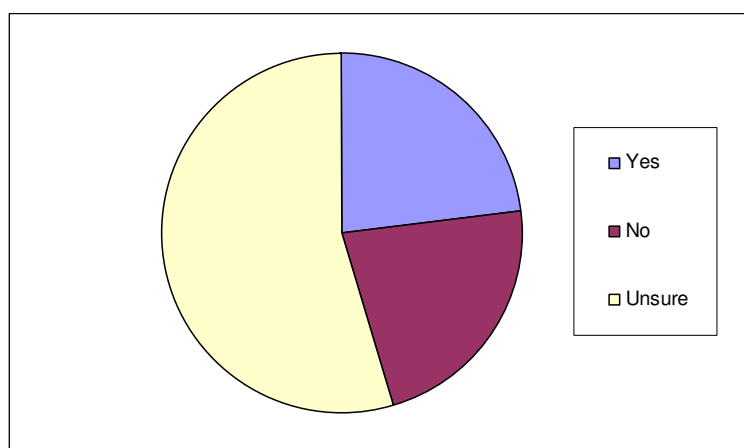
### 5.7.2 Actions: Community Plans

As presented in Figure 28 below, the majority of community survey respondents stated that they are willing to participate in the development and actioning of community based development plans.



**Figure 28 I would be willing to actively participate in the development and actioning of community based development plans**

However, Figure 29 below highlights that the majority of community survey respondents are unsure whether their community has a community plan. Approximately half of the remainder believe their community does, and the other half believes their community does not, have a community plan. This highlights that the use of community development plans as a local economic development tool is likely not being utilised throughout Tauranga.

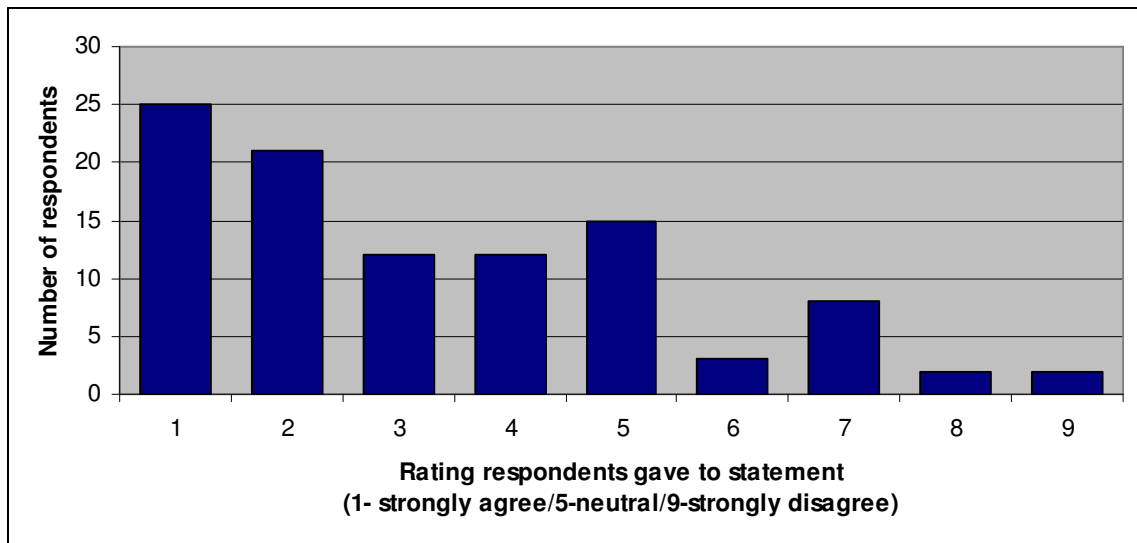


**Figure 29 Does your community have a community plan?**

### 5.7.3 Assessment: Council versus Community Responsibility

Generally speaking, it was found that the community believes planning at the community level would improve their quality of life. Of the 100 community survey respondents to this question, the average response to the statement “developing plans and actions for community development (facilities, employment, environment, culture etc.) at the

community level would improve my quality of life” was 3.34 out of 9, indicating agreement with this statement, supported by the downward slope in Figure 30 below.



**Figure 30** Developing plans and actions for community development (facilities, employment, environment, culture etc.) at the community level would improve my quality of life

Accordingly, some suburbs and communities have begun to develop community plans which focus on how to make their community a better place to be, for example, Merivale, Welcome Bay, Papamoa and Arataki. It was found that solely community based development is difficult. Its purpose is to engage at the smallest level when looking at the bigger picture (key informant 21, 22 and 23)

There are differing views on the requirement of council involvement in community level planning. It was noted by the Community Centre representatives, and key informant 5, that “councils were thinking they don’t have anything to do with this stuff [community outcomes/visioning], but they do”. Tauranga City Council does not see that they have a role in facilitating community level planning (two key informants from TCC). Comparatively, the Western Bay of Plenty District Council is taking an active role in planning at the community level, as the following quote, from a Western Bay of Plenty district council representative, highlights:

*We think the value is in doing them at this local level, we haven’t seen much value out of doing them at a district level...[because] for these communities, they have different demographics, they’re at different levels of development so what they’re looking for is different.*

## 5.8 Overall Assessment of the Management of Local Economic Development in Tauranga

There are a number of findings which have emerged that are not specific to one particular group or agency undertaking local economic development in Tauranga. These are: the idea of management versus encouragement; the value of key people; the value of partnerships; the specific association with sustainable development; and the future. The results identified for these topics are presented below.

### 5.8.1 Management versus Encouragement

Key informants voiced a range of opinions regarding the role the city is playing in encouraging and managing population and economic growth in Tauranga. The philosophy of SmartGrowth is that it is growth management; neither encouraging nor discouraging growth (SmartGrowth independent chair). However, it is likely that establishing infrastructure and employment opportunities for a growing population will further stimulate population growth. In regards to economic growth, consensus from this study is that the city is encouraging growth. It was noted by key informant 18 that any growing population creates its own economy and that Tauranga is simply harnessing that.

Table 14 below is divided into ‘population growth’ and ‘economic growth’ as well as ‘encouraging’ and ‘managing’ to explain the four dominating themes that emerged during the interviews. It is notable that no-one suggested that population growth or economic growth is being discouraged.

**Table 14 Perspectives on whether population and economic growth is being encouraged or managed.**

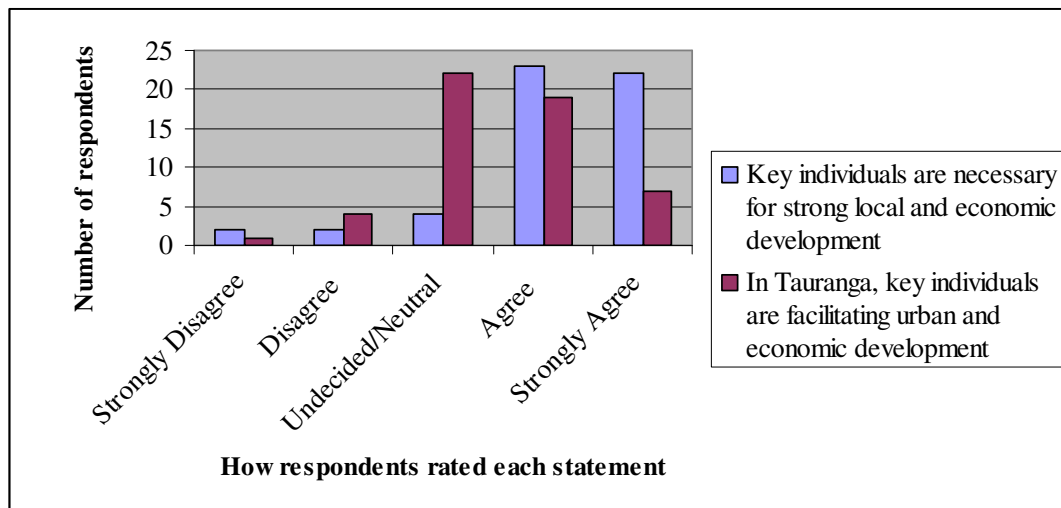
	<b>Encouraging</b>	<b>Managing</b>
<b>Population growth</b>	<p>There are a number of work streams in action within Priority One in an effort to attract talented people to the area (key informant 1).</p> <p>People come for lifestyle and leave for career, “it’s about trying to attract and retain people which is where SmartEconomy and PriorityOne come in” (key informant 24).</p>	<p>“it is on the front foot and that is why SmartGrowth is called growth management strategy, it is not actively encouraging even more people, and it’s not trying to dissuade people” (key informant 4).</p> <p>It is expected that about 70% of the population growth in the sub-region in the next 40 years will occur in Tauranga City, “that creates a lot of challenges for us, but they’re neat challenges” (key informant 10).</p>

<b>Economic growth</b>	<p>Yea I think it's about encouraging, and just trying to get things happening. There's still a lot of relationships that need to be built, and like I say with emerging industries, so there's a long way to go but the relationships are really key. (key informant 6 – EBOP)</p> <p>“I think the recession has kind of helped us, people have kind of got that we need to build our economic base beyond that historic reliance on population growth” (key informant 1).</p>	<p>“Typically, the most, population, it creates its own economy. Population tends to do that – if it's productive. But is it the right type in terms of size of businesses? Not in the beginning no, it needs time to consolidate” (key informant 18).</p>
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### 5.8.2 Value of Key People

It was suggested that a certain type of person is a necessary component of successful local economic development, as key informant 4 said, “it is about those individuals being able to drive and maintain the bigger picture, the vision, and then take others with you”. However, once a strategy is developed, provided it is sufficiently provided for in legislation and documentation, changing of personnel should not be an issue (key informant 4).

As illustrated in Figure 18 below, it is interesting to note that while the average score from business survey respondents regarding the statement ‘key individuals are necessary for strong local and urban economic development’ was agree - strongly agree (4.151/5), the respondents agree with the statement that ‘in Tauranga, key individuals are facilitating urban and economic development’ with only 3.509/5 (neutral – agree). Of the fifty-three respondents, forty-five agree or strongly agree that key individuals are necessary, while relating this to what is occurring in Tauranga twenty-two of the respondents are undecided and only twenty-five agree or strongly agree. This suggests that respondents do not think that key individuals are playing as much of a role in Tauranga as they would be in an ideal situation.



**Figure 31** How respondents feel about a number of statements regarding the management of local economic development – statements 1 and 2

### 5.8.3 The value of partnerships

The SmartGrowth and SmartEconomy strategies are based on a partnership model (as described in section 5.5.1). All key informants noted that a very strong partnership approach exists in the Western Bay of Plenty sub-region and believe this has been beneficial in managing the population growth Tauranga is experiencing. Representatives from both Tourism Bay of Plenty and Environment Bay of Plenty agreed that the partnerships that have emerged as a result of planning initiatives in the Western Bay of Plenty sub-region have been useful for achieving business goals, beyond those the partnership was created for. However, it was noted that it is difficult to ensure equal representation is attained in the partnership. This was noted specifically regarding tangata whenua “how do you try and deal with a partner who doesn’t have the where-with-all to feel like they are an equal participant” (key informant 12). Below are descriptions of the four main relationships that were identified in Tauranga: 1) Council - Central Government; 2) Council - Agency; 3) Agency - Agency; and 4) Community - Organisation.

#### *1) Council – Central Government*

It was suggested by many key informants that it is valuable for local agencies to develop relationships and partnerships with central government as central government has the power to provide funds and policy direction. The Bay of Connections regional economic development strategy was developed as a result of a directive from MED that they would not provide further assistance until a regional approach was adopted (key informant 6). Key informant 6 acknowledged that maintaining relationships with central government is helpful

in easing future interactions, sourcing funding and influencing policy. A SmartGrowth representative also acknowledged the value of having a relationship with the New Zealand Transport Agency, as road supply and land use must coincide. However, SmartGrowth emerged without central government guidance as it was developed before much central government policy creation. The strategies ended up being in line with the principles of many of the government strategies regardless (key informant 4).

*Wellington, I go there once every 3 months just to keep central government involved because it's really important that we're working together and not just doing our own thing here and actually communicating outside of the region (key informant 6).*

## **2) Council –Agency**

The Tauranga City Council has a role to develop relationships with organisations who undertake local economic development. The direction of local economic development activities is very much decided by the local economic development agency (PriorityOne). However, council is kept up-to-date on their business plans and in order to retain funding, approval must be granted (key informant 21). It can at times be difficult to ensure councillors understand the reasoning behind the plans, for example the value of soft infrastructure (key informant 1). Associated with this, in order to ensure successful economic development activities are undertaken, cities need to elect councillors who have a vision that extends beyond their three-year period of service, to a timeframe which provides for subsequent generations (key informant 1).

*One of the gaps has been tertiary education, and we don't have a university here, we're not going to get our own university here, so we collaborate with the University of Waikato which is the closest and most obvious thing to do (key informant 10).*

## **3) Agency- Agency**

The SmartGrowth and Bay of Connection strategies are based on a similar concept, but are applied at different levels. Initially developed to get central government funding (key informant 24). SmartGrowth/Economy works at a smaller scale (key informant 1). However an analysis of the synergies between the strategies was undertaken and they were found to complement one another (key informant 1 and 16).

*We're aware of all the planning work that's happening and we try to keep in touch. And we keep in touch with the economic development agency PriorityOne, the Chamber of Commerce; we try to make sure that what we're doing fits in well with what they're doing (key informant 2)*

#### **4) Community - Organisation**

It was argued that the partnerships approach is community development because it involves community representation (key informant 4). The community is involved in a partnership within the SmartGrowth process and a Strategic Partners Forum has been developed, which encompasses a number of agencies across the social and economic community (key informant 1, 4, 12, 13, 14 and 16). SmartGrowth identifies what the sub-region wants and institutions are asked to deliver on that, “so it’s not institution driven it has more of a community, partnership driver so it’s hopefully more well anchored” (key informant 4). Community groups acknowledged the need for relationships and partnerships to be formed with agencies in order to achieve their outcomes (key informant 22 and 23).

#### **Where partnerships may be beneficial**

While the majority of the findings have been positive, some areas of caution have been identified. The elderly community has been identified as a group with special concerns. They comprise an over representative portion of the Tauranga population. Within the local economic development strategies, an effort is being made to reduce the ageing population trend. Grey Power “lobbies the government on behalf of elderly and are extremely successful in that role” (key informant 16). The Tauranga branch of Grey Power are part of the SmartGrowth Strategic Partners Forum and get actively involved when relevant components arise, for example transport, housing and hospital issues. The elderly community is also incorporated through the District Health Board Health of Old People Portfolio.

The local Maori community also have special local economic development interest. It was noted, by key informant 12, that how tangata whenua has been dealt with to-date has been “okay-to-good”. An issue is predicted to arise when the local iwi get their treaty claims money within the next few years, and they will be looking for their own economic development projects, which will unlikely align with those that are being planned for currently (key informant 12). The current strategies are based on western ideals, which are agreed to vary considerable from Maori perspectives described below.

*New Zealand western perspectives of investment, risk and return are relatively entrepreneurial in terms of a risk profile and expectation of return of somewhere between 5 and 7 years. When you look at Maori and tangata whenua, iwi risk, they’re very conservative and their expectation of return is intergeneration, you’re talking a minimum 35 year, potentially 70 years (key informant 12).*

#### 5.8.4 Association with Sustainable Development

Sustainable development is a principle guiding the majority of current New Zealand planning legislation and frameworks (see section 5.3). As the quotes in Table 15 below demonstrate, having a sustainable development aspect to population growth management and economic development contributes to creating an attractive environment for people to want to live and work.

**Table 15 A sample of comments regarding the relationship between local economic development and sustainable development**

“It is actually really hard to plan for sustainable growth so that the city stays being a great place to be, which is where the Community Outcomes come in...we’re doing the best for community, always with that ‘so what will it be like in the future’ that sustainability element” (key informant 5).
“It’s important to us...we want to see economic growth here but want to preserve the lifestyle values that make this a great place to live. Some people say it’s a dichotomy...” (key informant 1).
“There’s actually a project underway though the City Partners program to develop a plan for how the council and I guess on behalf of the community will tackle sustainable, environmental sustainability so it’s kind of in the early stages” (key informant 2)
“More and more you will see economic and environmental roles sort of merging... we wouldn’t be promoting business development if it was going to be harming the environment. There’s always going to be some footprint, that’s just the price of development, but if you can mitigate it as much as possible” (key informant 6).

The idea of using the business community as a mechanism to encourage sustainable development was raised by a number of key informants. When the Sustainable Business Network considers sustainable development, they consider the environmental, social and financial, “you cannot have strong environmental sustainability without strong social sustainability because the two are one-in-the-same” (key informant 19). In particular, key informants 7, 8 and 9 (see Table 16 below) noted the relevance of sustainable development in terms of business performance. Innovation and working at the local level are components of achieving both sustainable development and successful local economic development.

**Table 16 Why businesses have a focus on sustainable development**

“Being focused on sustainability; environmental, social and economic; is critical for us to stay as the leading marketer of [our product]” (key informant 7)
“We’re not rushing out to replace everything with the greenest equipment out there, but when there’s procurement of new things, obviously that comes into what we’re doing, making sure we are being responsible” (key informant 8)
“I think the benefit you’ve really got to look at, what about sustainable the existing businesses. Sustaining and growing them. If it’s a catering company that might be supplying a conference centre, does that mean that they might take on ten extra staff” (key informant 9)

There are numerous strategies developed at the national level providing guidance and an overall approach. The MED was involved in the development of the New Zealand Sustainable Development Programme of Action which is no longer active, as it was only to be operational for three years. The purpose of this programme was to provide for the government's role in "setting the direction and articulating its view about the outcome it is looking for" (NZSDPA: 12). The document informed how New Zealand interpreted and understood sustainable development, the definition of sustainable development in this document is provided in Box 10 below. This provided a different interpretation of sustainable development which was able to be fed down to the local level. Encouraging participation and partnerships are concepts which have been embraced in Tauranga.

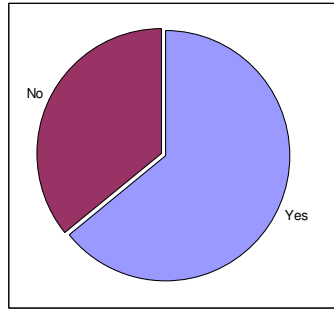
**Box 10 Sustainable development from the New Zealand Sustainable Development Programme of Action**

"Achieving sustainable development involves a different way of thinking and working. It requires: looking after people, taking the long-term view, taking account of the social, economic, environmental and cultural effects of our decisions, and encouraging participation and partnerships" (NZSDPA: 6).

There was a trend amongst key informants to focus on the environmental component of sustainable development. Nevertheless, many did acknowledge that economic development is a necessary component of sustaining a growing population. Whether this interpretation of 'sustaining' fits that of 'sustainability' and 'sustainable development' as defined by the majority is contentious. This is worth noting as the present study seeks to identify if, and how, local economic development can be managed in such a way that is promotes sustainable development

### **5.8.5 The Future**

The majority of respondents believe that the current form of economic and urban development management and planning in the city provides for their needs (see Figure 32 below). Table 17 presents the variety of reasons explaining why respondents agree or disagree with this statement. The main reasons for agreeing is that the city has a hard task and is doing well considering. Those disagreeing with this statement believe that the city is yet to chose an appropriate management and planning strategy and that the speed of population growth makes the task too difficult to be managed adequately.

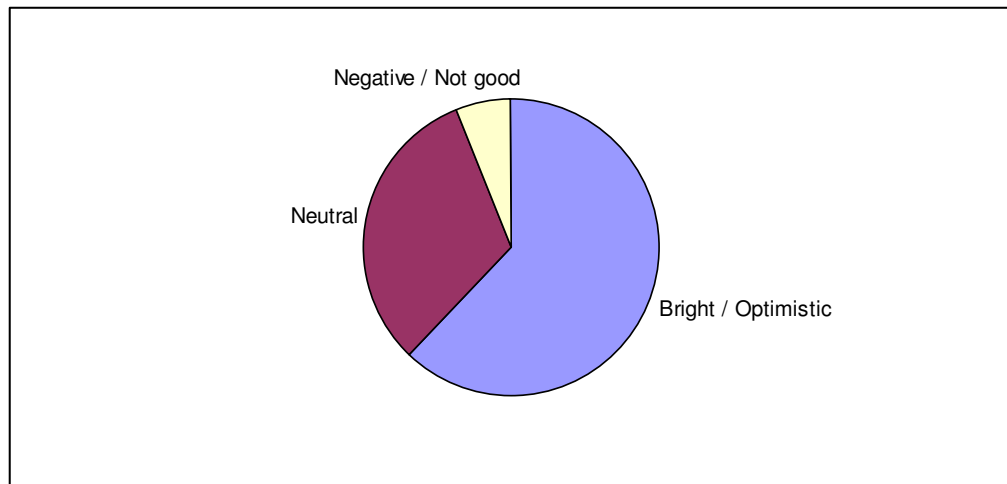


**Figure 32 Do you believe the current form of economic and urban development management and planning in the city provides for your needs?**

**Table 17 Why do you believe the current form of economic and urban development management and planning in the city does or does not provide for your needs?**

	Explanation	Sample of Quotes (from anonymous business surveys)
Does provide for needs	PriorityOne is doing a good job	<p>“Priority One is leading a charge for future development, and has the respect of all local Government Agencies, what we see in place is positive”</p> <p>“Good consultation with council &amp; Priority One”</p>
	The city is doing a hard job well	<p>“Long term planning gives good direction. City is facing up to the hard issues – it’s not fun, but its necessary”</p>
Does not provide for needs	An appropriate approach has yet to be chosen	<p>“I think there is as yet insufficient clarity in the path that Tauranga / BOP will take”</p> <p>“Too much emphasis on an “academic” approach and central planning which is really proving to be wrong and inappropriate”</p> <p>“The current council is restrictive and too conservative”</p> <p>“The TCC pays scant attention to business and its views. Local government strategic planning is poor”</p> <p>“We are blessed with a beautiful environment. If not for that, there would be no growth, since our Council has no coherent compelling vision of the future”</p>
		<p>“The planning and infrastructure has not kept pace with the areas growth”</p> <p>“We have a great community, a fantastic environment, but we need drivers to make things happen. Don’t get me wrong Priority One is doing a great job, its just not big enough or diverse enough to be doing due justice outside of the immediate Tauranga area”</p>
	The speed of growth is hindering efforts	
General comments	Not an issue that has been considered by some respondents	<p>“Haven’t really thought about it but the Chamber of Commerce impress me”</p> <p>“Not a large enough business to worry about that at the moment”</p>

As illustrated in Figure 33 below, 62% of the business survey respondents feel bright or optimistic about the future regarding urban and economic development, 32% responded as feeling neutral and 6% view the future as negative or not good.



**Figure 33 How positive respondents feel about the future in regards to urban and economic development.**

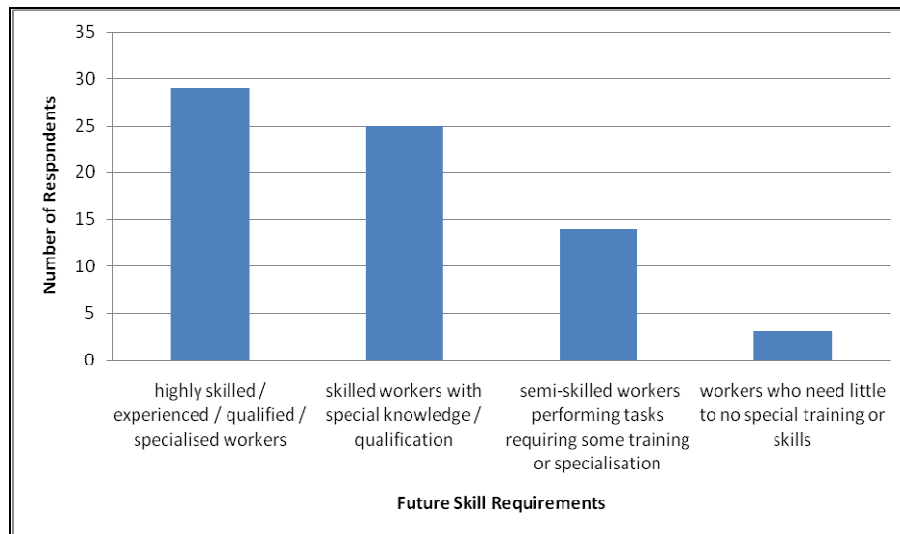
There were a variety of reasons why respondents hold these views in regards to the future of urban and economic development. As Table 18 below displays, some people feel optimistic because it is expected that population growth naturally gives rise to economic growth or that simply being optimistic will result in favourable outcomes. Other people feel pessimistic about the future due to variables that are beyond their control such as international economic performance. It is interesting to note that a selection of respondents feel neutral about the future for those same reasons identified by those who feel pessimistic regarding the future in terms of urban and economic growth.

**Table 18 Reasons for respondents perspectives of the future**

Perspective	Explanation	Example of Quotes (from anonymous business surveys)
Bright / optimistic	Population growth gives confidence in economic growth	“Population growth continues in spite of the economic down turn and the popularity of the area means this is very likely to continue”
		“Tauranga is a centre for population growth and therefore there will be economic growth by default”
		“Tauranga is a fantastic place to live, work and do business. It's a natural magnet for returning ex-pats or those that have paid off the student loan and are looking for a lifestyle destination. It will always attract people for those reasons; if we can create the right business and work

		environment the region will continue to grow faster than every other area in NZ”
	Confidence will result in good outcomes	“We are masters of our own destiny, we shape what happens in our world each day”
		“Have to be optimistic to continue to work at this level, it takes energy and commitment”
Neutral	International and national impacts cannot be avoided	“Economic development seems to happen slowly, Govt investment would be needed to get things moving”
		“3-5 yrs difficult due to depression, thereafter am very optimistic”
Negative / not good	Market issues	“Current recession affecting businesses, whilst local area getting older thanks to retirees”
	International / nationwide issues	“Cost of doing business in New Zealand”
		“I believe that Europe is in for a major economic meltdown which will flow onto NZ”

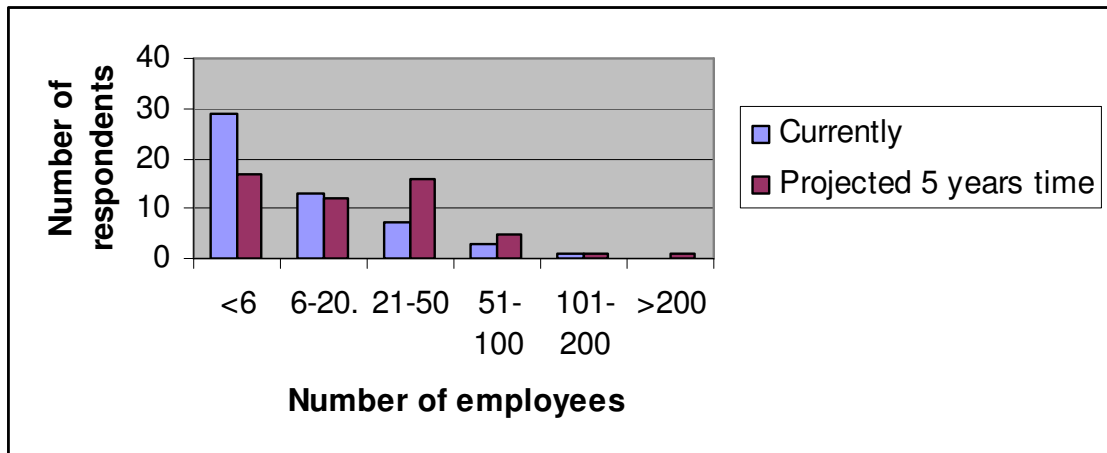
As illustrated by Figure 34 below, business survey respondents have changing requirements. Local economic development agencies are currently working to ensure that education opportunities match the job opportunities that exist within the Tauranga economy.



**Figure 34 Future skill requirement for business survey respondents**

In order to ascertain where projected growth is expected to come from, participants were asked where their business expansion is likely to occur. Twenty-nine of the fifty-three respondents intend to expand their business within the local urban area. Twenty-one of the respondents intend to expand nationally (beyond the local urban area) and fifteen of the respondents intend to expand their business in to the international market. Only two of the respondents do not have the intention of expanding their business, this is very low and suggests that businesses are generally optimistic about the future. This is supported by

Figure 35 below, which illustrates that the majority of businesses surveyed intend increasing their number of employees over the next five years. This suggests that businesses are feeling optimistic, and that there are likely to be increased employment opportunities for residents.



**Figure 35 Number of employees in the businesses of respondents**

Table 19 below lists the challenges identified by survey respondents and the number of respondents who acknowledged each as a challenge. The challenge facing businesses that was mentioned most frequently was the recession and the economic environment. This is followed by financing/funding and issues regarding staff. Identifying these challenges highlights areas which could potentially benefit from local economic development activity.

**Table 19 Challenges your business currently faces in terms of development (quality of growth)?**

Recession / economic environment	11
Financing / funding	6
Issues regarding staff (quality / reliability)	6
New business aiming for sustainable growth	4
Government rewrites policy/ direction of industry	4
Securing clients / appropriate market	3
Market saturation within our sector	3
Getting name out there	2
City not big enough to warrant new office buildings	2
Lack of time	2
Access to global markets / distance to bigger markets	2
Perception of Tauranga by outsiders	1
Not enough support	1
Lack of infrastructure	1
Sustainable growth from a resource perspective	1
Need to change Management structure to cope with growth	1
Downward price pressure, increased competition, inconsistent demand	1
Gaining market share	1

The four pie-charts in Figure 36 below illustrate an evaluation by local business survey respondents of influential characteristics on local economic development in Tauranga. It is notable that a large number of respondents had no opinion. Local governance and town planning rules and regulations were both identified as more of a weaknesses than a strength in Tauranga's economy. Comparatively social and cultural facilities and the support available to businesses were identified as more of a strength than a weakness. This suggests that perhaps local economic development activities occurring outside the political area are most effective. However, it is likely that the social and cultural facilitates and the support provided to businesses is somewhat provided by local government.

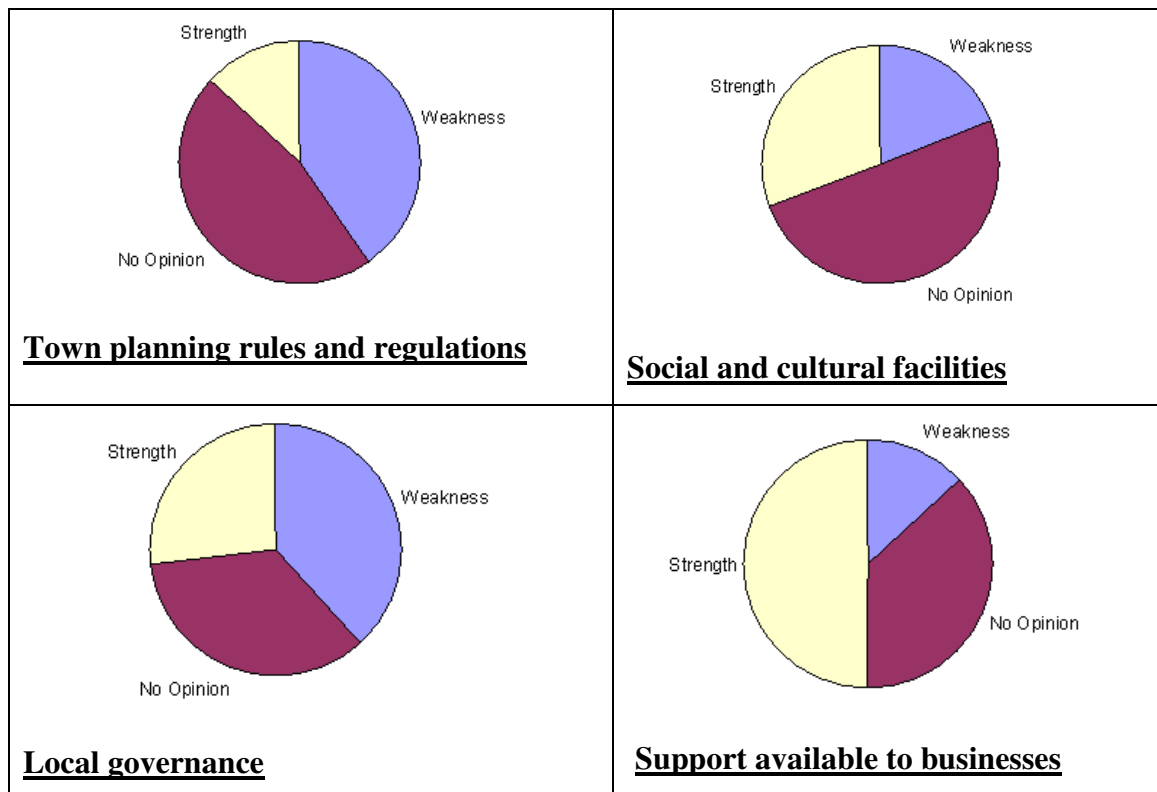


Figure 36 The question preceding these statements was, 'please identify what you perceive the strengths and weaknesses of the area's economy to be'.

## 5.9 Conclusion

By explain the results of the document analysis, the key informant interviews and the surveys concurrently, a clear picture of how local economic development fits within the planning environment in Tauranga was able to be presented. It has been found that population growth occurred before economic development was at a supportive level. Consequently, economic development strategies, initiated by local government, developed by key local agencies and supported by numerous others, have since been implemented. It was found that central government provides little guidance and local authorities delegate specific local economic development tasks to appropriate expert organisations. There are a

number of organisations which exert this local level control over local needs and a very collaborative approach is undertaken by all, with the public having opportunities to participate. Subsequently, it was found that both businesses and community members are optimistic about the future of urban and economic growth management in Tauranga. How these findings propose answers to the research questions which have guided this project is discussed in the following chapter.

# Chapter 6

## Discussion

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This chapter seeks to discuss the implications of the findings (which were presented in Chapter 5) in relation to the research questions that were set out in the Introduction. This chapter also links the current research to studies and theories identified in the Literature Review Chapter suggesting how the current research has corroborated with the existing knowledge base. The results from this research project support a number of theories which were identified within this review. In addition, there are a few findings that were either not raised in the literature review or contradict what has been argued previously. These ideas are introduced in this section and considered further in the succeeding Conclusion Chapter.

### 6.1 Research Question 1:

**What are the principle driving forces behind urban population growth and economic growth in Tauranga and what accounts for the differences between these two forms of growth?**

As explained in the results chapter, typically population growth in Tauranga can be attributed to people migrating for lifestyle reasons – namely for the climate and the beach environment. As the literature review argued, this is typical of many ‘sun-belt cities’ (Abbott, 1981). This phenomenon has emerged internationally as the ‘new economy’ has become more advanced, and cities have become less reliant on formerly significant industries which were based around the location of natural resources. That many businesses have established in Tauranga as a result of people wanting to live there for personal (as opposed to business) reasons is divergent from how economies are generally established according to economic theory (with businesses evaluating the economies of scale and making a well informed decision, as argued in the literature review). This phenomenon however aligns with post-industrial development

thinking (Hoyle and Pinder, 1992) in the sense that the economic activity that is being promoted is divergent from the historical economic activity that Tauranga was built around. It is also similar to the notion of the emergence of the sun-belt cities. To argue that the experiences of Tauranga align with the sun-belt phenomenon is interesting, as the rapid population growth of Tauranga has been limited to the city scale as opposed to the entire regional coastline as is typically common of the sun-belt phenomena.

Likewise, the findings regarding Tauranga's growth and development are consistent with the experience of some port cities (Suykens, 1989). Historically, economic growth has predominately been associated with the presence of the Port of Tauranga. The Port still plays a major role in the economic growth of Tauranga, but now is predominately influenced by, and influences, businesses beyond the urban area. The role of the Port in early economic development is consistent with the traditional view of economic prosperity being related to the natural resources available in a region and the associated transport links (Meyer, 2000). However, the Port does not now play such a major role in the specific economy that is being actively created for the future by, for example, PriorityOne. Instead, this new economy is based around innovation, technology and specialising in a diversified industry base to meet local market needs. However, the Port informs council of land-use planning requirements for anticipated growth and many export businesses, which are supported by agencies such as the Chamber of Commerce and New Zealand Trade and Enterprise and one can expect to find the Port integral to their future performance.

The settlement patterns observed in Tauranga are also consistent with the 'locality theory' of urbanisation and economic growth (Blakely, 1989). Expectations and understandings of Tauranga have emerged as the city has grown and developed. This has influenced how Tauranga has grown, and how it will continue to grow and develop. For example, Tauranga has become known as a retirement destination and this has (potentially) acted as a self-reinforcing mechanism stimulating further growth of the retirement sector. This appears contradictory to the argument in the literature review that urbanisation is simply an economic process, as currently people are predominately choosing to live in Tauranga for lifestyle as opposed to economic reasons. However, this research did not acknowledge whether the recent population migration has been rural-to-Tauranga or urban-to-Tauranga. If the population growth is predominately attributable to urban-to-Tauranga, then this does not as strongly oppose the urbanisation theory, as those people had already participated in the urbanisation

process before moving to Tauranga - that is, seeking the (perceived) benefits urbanities have to offer over a rural lifestyle.

It was found that, in Tauranga to date, the growth in economic performance has not corresponded with the rate of population growth as population growth has been more rapid. The main implications of this are that infrastructure and service provision has been struggling to meet demand. This finding supports the suggestion by Henderson (2009) that while economic development is not a requirement for urbanisation, urbanisation is a requirement for sustained economic development. Theoretically the rate of urbanisation in Tauranga should enable successful economic development to occur, but this is not assured. Recent publications however suggest that the economic performance of the Western Bay of Plenty sub-region is improving (PriorityOne, 2010), and this is frequently attributed to the active local economic development initiatives that are in progress. It is likely that in the future, the continuing urbanisation process will become more attributable to economic factors, as the region's economic performance and opportunities further improve.

It is anticipated that the future economic growth in Tauranga will be a result of active economic development projects and programmes, based on a collaborative approach. "The driving force behind the Economic Growth of our region is our people coming together and moving ahead towards a mutually beneficial future" (Bay of Connections, 2007: 7). The biggest challenge for businesses identified by this study is the current economic environment. The projected job creation and shifting the focus of the economy to utilise more efficient technology in Tauranga is consistent with arguments in the literature review that the city's role is to be the provider of non-agricultural production, and more recently creative and knowledge based industries. Existent and planned local economic activities seek to enhance the benefits which arise from these activities. Many businesses expect to grow within the short-term future in terms of number of employees, and are optimistic about their future in Tauranga. Economic development agents must be wary not to focus solely on their desired demographic and provide for everyone (Blakely and Leigh, 2010).

It was suggested in the literature review that a city's purpose and function influences its ideal size, based on the externalities of scale and benefits of agglomeration (Meyer, 2000). The findings from this research project suggest that perhaps the size of the city influences the industry as opposed to (or as well as) the existent industry influencing city size. As Tauranga has been experiencing natural growth (interpreted within the project as meaning people

moving without external encouragement), it has been recognised that the existent industries are no longer sufficient to support the services, infrastructure and facilities all of the residents and local economic development agencies want. As a consequence, attempts are being made to alter the economic composition of the sub-region. The focus of formal local economic development activities is on innovation and technology. Projects are specific to the local area, however, utilising the availability of natural resources maximises this link. For example the Harbour Central Marine Precinct and Intercoast utilise the proximity of the urban area to the sea, and the four-lane Eastern Link enhances connectivity with the surrounding areas and populations.

The findings from this study also support the argument that there are a number of positive impacts of urbanisation. As a result of economic development strategies, residents are being provided with increased educational potential and more diverse employment opportunities. The purpose of local economic development activities being undertaken in Tauranga is to either increase incomes and / or quality of life. There is the issue of ensuring fair, inclusive and representative participation in consultation and the development of strategies and activities. However, it appears that the governing bodies are aware of this and are making a conscious effort to ensure participation is a continuous and evolving process. The experience of urbanisation in Tauranga does not compare to resulting conditions existent in developing countries such as slum formation (Ooi, 2009), and there are stringent planning provisions in place which prevent the occurrence of such situations eventuating. Associated with this, no corruption was identified during the field research in Tauranga – this is generally consistent with the New Zealand experience. However, Tauranga is facing the most unaffordable housing in New Zealand (Recsei, 2010), and this has the potential to have significantly negative impacts on the quality of lives for some residents.

### **6.1.1 Summation of Answer to Research Question 1**

To summarise the findings that support an answer to the first research question, it is argued that the driving forces behind population growth in Tauranga have been the natural attributes Tauranga possesses. Conversely, the driving force behind economic growth has predominately been the port and associated natural resources. As discussed previously, these industries are typically slow growing (Ballinger et. al., 2004). As a consequence, population growth has surpassed economic growth. Currently local agencies are making an active effort to improve economic development so it can adequately provide for the continually growing

population and it is likely that the population growth *management* and economic *development* approach will continue for the foreseeable future.

## **6.2 Research Question 2:**

### **What role does local and national economic, political and community institutions, agencies and organisations play in facilitating local economic development in Tauranga?**

It was found that in New Zealand, central government provides little guidance in terms of how localities should undertake local economic development. Despite this, in Tauranga all three of Blakely's (1989; Blakely and Leigh, 2010) main local economic development activities are being undertaken: locality development; business development; and human resource development. These activities are being undertaken by a multitude of organisations. The discussion below explores the role of these organisations in Tauranga in comparison to other studies and theoretical ideas and their role in the process of successful population growth management.

Despite not being directly involved in the local economic development process, central government have passed legislation which requires local government to provide for economic well-being. Central government also acknowledges that there is value in regional level activities and planning, due to success in these activities being seen as essential to improving national outcomes. The Ministry of Economic Development aims to grow the economy to improve the prosperity of all New Zealanders. Accordingly, the Bay of Plenty regional offices of New Zealand Trade and Enterprise and Export New Zealand play a very specific role in local economic development, promoting the role of the local level in assisting improving the national economy. For example, Export Bay of Plenty played a pivotal role in facilitating a presence for Tauranga at the Shanghai Wold expo in July 2010. This is aligned with the concept of strategic economic planning, as discussed by Kresl (2007) in the literature review section. Central government agencies also participate in partnerships with local bodies and other organisations when the opportunity arises. It can be argued that the legislative focus of the central government in regards to development, through the mandate of the Resource Management Act, might be too heavily focused toward environmental protection, with less focus on identifying ways to facilitate sustainable economic development.

In regards to managing local economic development, the primary role of local government is administering the environment within which local economic development takes places. Each of the three local authorities have different approaches regarding their level of involvement in providing for economic well-being, though all are based on the idea of facilitation. Tauranga City council is active in contracting out the necessary services to other agencies, but maintains their direct role is limited to land use planning and infrastructure provision. Western Bay of Plenty District Council also contracts out economic development services, but has a direct role in creating community plans with communities identified as future growth areas. Environment Bay of Plenty has taken an active role in regional economic development, being responsible for co-ordinating the Bay of Connections regional economic development strategy. The requirement to identify Community Outcomes has forced councils to have some involvement in identifying what the community wants, but not necessarily to action the provision themselves. They work in partnership with other organisations, institutions and agencies to decide who is responsible for the provision for the identified Community Outcomes and other local economic development activities. It was found that the purpose of this is to improve the overall well-being of the community.

It is through the growth management strategy, SmartGrowth, that the collaborative local economic development strategies are facilitated and / or enabled. Local economic development is one component of growth management, which aims at a diverse and stable employment base; this is seen as being of particular value for improving social well-being. It was reasoned in the literature review section that economic development can act as a mechanism for initiating development in the more general sense. The findings from this study suggest that local economic development agencies in Tauranga support this notion as their strategies have been developed in order to improve the opportunities available to local residents, which in turn improves their quality of life.

There are a number of other institutions in Tauranga that play an active role in local economic development. These institutions are council supported and partially-funded and act on an 'agency' basis. As presented in the preceding chapter, PriorityOne is responsible for undertaking economic development activities. The Chamber of Commerce is responsible for providing business support. New Zealand Trade and Enterprise is responsible for supporting business with growth and export potential. Tourism Bay of Plenty facilitates a number of local economic development activities in order to create a place people want to visit and this has the positive spin-off of improving the place that people live. Creative Tauranga plays a

significant role in facilitating an environment conducive to attracting and retaining the creative class (see Florida, 2005). These organisations all appear to have based their work on an understanding of the benefits of agglomeration economies of scale (Galeser and Gottlieb, 2009). There is a targeted approach in terms of human resource development; the importance of this is discussed in the literature review (Yigitcanlar, 2008). The local economic development agencies are aware that the type of economy they plan for the future requires a different set of skills than those that are prominent in the locality today. In response, as well as attracting people with those skills to the city, they are aiming, in partnership with the University of Waikato, to provide appropriate training for their specific skill requirements. The sole issue that arose regarding the functioning of these local economic development agencies was that some residents' feel that certain localities are being given a disproportionate focus. For example, although PriorityOne works at the Western Bay of Plenty sub-region level, some believe the emphasis is too strongly favourable toward Tauranga. Likewise, it was suggested the Welcome Bay receives disproportionately less attention than central city areas.

Many local businesses participate in local networking activities. They engage with local economic development agencies and also provide community sponsorship and support. The purpose of this was found to generally be a consequence of businesses receiving recognition, improvements in business outputs or simply to give something back to the community. It is clear that, as Black and Henderson (1999; 2003) discussed, business people in Tauranga also derive value from networking opportunities. They benefit from associations with like-minded individuals, and networking also instigates innovation and promotes change. This bottom-up approach is partially reliant on key people who see the value in participating in and promoting local economic development. These approaches in Tauranga emerged as a consequence of people within the community talking to one another and deciding that it was possible to improve their community, but that they had to take that role on themselves. Theorising about voluntary business involvement in local economic development activities also raises the notions of corporate social responsibility (Visser et. al., 2010) and endogenous growth theory (Vazquez-Barquero, 2002). It is likely that the initiation for future economic growth and development will be strongly influenced by the business community. This is attributable to a number of factors, namely that businesses develop innovative solutions to problems to enhance their outputs when facing the need to survive in the market place. Businesses are often not as restricted by 'process' as rate-payer funded organisations, however businesses will always be required to work within the frameworks established by central and local government bodies.

Beyond this, some communities have taken it upon themselves to provide improved standards of living and life opportunities for their communities. Results suggested that residents' believe that developing plans and actions at the community level will have the potential to provide for a better quality of life than planning alone can achieve at the district level. Similarly businesses believe that urban and economic development is better achieved from the bottom than the top. There was a strong suggestion from community members that central government should be responsible for funding the development of community level plans. This is likely because central government activity is most removed from the individual level, so it does not feel like it is coming out of the residents' personal money. The community plans in Tauranga play a role similar to that of "community development corporations" (Squazzoni, 2008) as they have been formalized and are officially recognised by other agencies (for example the council), however many residents are unsure if their community has developed a plan. The community plans in Tauranga are more community development than economic development; however they are a commendable approach (Blakely and Leigh, 2010).

### **6.2.1 Summation of Answer to Research Question 2**

To answer the posed research question, it was found that there are a multitude of people, organisations and agencies involved in the process of local economic development in Tauranga. How these people, organisations and agencies are managed is integral to the overall success of local economic development in Tauranga. The results suggest that Tauranga has a level of institutional thickness (Rodriguez-Pose, 2010) that is favourable toward successful local economic development. This is because the relationships and partnerships that have been formed between many of these people have resulted in processes which are aligned and that hold each other accountable. Partnerships exist between the council, local government departments, local economic development agencies and various community organisations. Having the variety of people, organisations and agencies involved is also a positive as it promotes participation from a wide cross-section of the Tauranga community. The role of these people, organisations and agencies comprises consulting, researching, sourcing funding, developing innovative solutions, developing partnerships and collaborating. This role is well aligned with providing for the working definition of local economic development that has been used throughout this paper.

### **6.3 Research Question 3:**

#### **Is the management of local economic development in Tauranga aligned with the concept of sustainable development?**

As the concept of sustainable development is contentious (as discussed in Chapter 2) this research question is potentially too ambiguous to propose a definitive answer. However, it is also a necessary question as sustainable development is an integral component of planning frameworks and therefore is important when evaluating the management of local economic development for this study. In response to this quandary, this section seeks to discuss the possible outcomes to this question that have emerged throughout the current research project in relation to the existing knowledge base.

The SmartGrowth strategy is based on the principles of sustainable development, so the fact that SmartEconomy emerged from SmartGrowth suggests that the management of local economic development in Tauranga is in accordance with the way sustainable development has been interpreted by the decision makers in Tauranga. Furthermore, Tauranga is committed to the need to sustain employment, education and infrastructural opportunities and provide for the future. These findings support the premise that, according to the weaker anthropocentric interpretation of sustainable development (Williams, 2004) the management of local economic development in Tauranga is in accordance with the concept of sustainable development.

Another argument that emerged with regards to this question is that the management of local economic development in Tauranga is working in a general direction that can be considered as being aligned with the principles of sustainable development. Similarly, this supports the notion of development that is 'less un-sustainable'. Having a combination of groups and organisations undertaking local economic development activities, as is the situation in Tauranga, helps to cover all aspects of the sustainable development paradigm. Partnerships assist this as partners hold each other accountable to adhering to the binding principles. Also, having a variety of people and organisations holding responsibility means that experts are responsible for achieving the most sustainable development outcomes, for example, the Department of Conservation can make recommendations for conservation land and, at the community level, decisions can be made regarding the preservation and conservation of values in the physical environment by the affected community. The Sustainable Business

Network has a focus on the social component of sustainable development. Local economic development being a component of growth management assists in achieving a 'less unsustainable' management of economic development.

Finally, it is inevitable to acknowledge that the management of local economic development in Tauranga is not in accordance with the biotic interpretation of sustainable development (Williams, 2004). It is also not sustainable development according to the requirement to not diminish finite resources. This is because there is no requirement by those managing local economic development that only renewable and fully sustainable activities be allowed. However, as the guiding resource management legislation in New Zealand (the RMA) focuses on ensuring the avoidance, remediation or mitigation of adverse effects on the environment, it is unlikely that activities with significantly detrimental environmental effects would be supported.

Sustainable development is a concept that has been considered by all organisations and agencies who participated in this research and it has been defined variously at the local level. Internationally, the notion of sustainability emerged as a necessary reaction to environmental pressures. The sustainable development concept however incorporates more than this, providing guidance as to how development can occur best according to the principles of sustainability. It stresses the importance of the economic, social and cultural spheres in addition to the environmental. Despite this it was found that many people emphasise the 'environmental' component when considering sustainable development, perhaps not paying adequate attention to the other three 'well-being's' (as they are termed in New Zealand). It was also found that people struggle to comprehend the notion of sustainable development as it requires looking beyond the immediate future and even beyond their lifetime. In practise, despite these findings it emerged that economic development has a role as a necessary component of a socially sustainable growing environment. The range of activities that comprise local economic development can be utilised as a tool to encourage action to be taken on the principles of sustainable development.

In order to incorporate economic development into the sustainable development model, one must be willing to influence what the market is providing. That there is a need for rules and regulations to encourage sustainable development suggests that, to date, self-regulated economic development has not necessarily been organised according to all the dimensions of the premise of sustainable development. The neo-classical model of economic growth and

development argues that intervention causes economies to become inefficient (Todaro and Smith, 2009). Therefore, according to this model, economies based on sustainable development principles are not necessarily entirely economically efficient. This is not necessarily an issue for local economic development however, as local economic development focuses on improving quality of life, not simply economic output (World Bank, 2004).

Providing for social well-being is an element of achieving sustainable development (Merbratu, 1998). Urbanisation has been connected with social inequality; one of the roles of local economic development is to ensure that a range of educational and employment opportunities are available to members of the community. The need to provide this has been recognised in Tauranga, and the contracted local economic development agencies are undertaking projects to improve the diversity of opportunities available. Likewise, community based organisations have identified economic and educational opportunities integral to improving their communities well-being, alongside infrastructure and cultural facility provision.

In an era of globalisation, it is argued that the value of geography is being diminished and specific places are of less importance (Porter, 2000). Conversely, it is simultaneously argued that 'glocalisation' is occurring and that the importance of place is increasing as places must compete with one another to survive and flourish (Le Heron, 2009). The findings from this study suggest that glocalisation is indeed occurring in Tauranga, and making improvements at the local level also has the potential to benefit a larger scale, supporting the idea of 'think global, act local'. When interpreting sustainable development at the holistic level, it could be argued that the management of local economic development is according with the concept. However, it is important to remain environmentally conscious. The Sustainable Business Network helps businesses to understand this complex idea, and the integration of the Sustainable Business Network into the Tauranga business environment assists in promoting sustainable development as an equal and important component of local economic development.

The way local economic development activities are presently being managed in Tauranga can be perceived as promoting the principles of sustainable development. Although Tauranga has not experienced an industry 'shock' as many cities focusing on economic development have (Black and Henderson, 2003), current strategies are encouraging the diversification of the

economy. There is a move away from primary industry and reliance on the port; however these industries do still play a major and important role. Through having various organisations with specific objectives, the concept of specialisation is also being developed in Tauranga, with different organisations focusing on different areas of economic development (Shearmur and Polese, 2005). For example, the Chamber of Commerce supports small-to-medium sized enterprises and business start-ups, while PriorityOne focuses on sector specific activities such as aquaculture and New Zealand Trade and Enterprise and Export Bay of Plenty focus on supporting and growing export based businesses. The way local economic development has been incorporated into population growth management has, or will, result in increased educational opportunities available for residents as one of the key activities of PriorityOne is to work in partnership with educational institutes (for example, University of Waikato) to improve educational offerings. This is synonymous with the earlier argument that urbanisation has been associated with improved educational performance. These strategies are based on innovation and technology; in order to compete on the economic stage it is imperative to be aligned with sustainable development. Likewise, it has been identified that sustainable city principles in planning are important for enabling people to improve their quality of life.

### **6.3.1 Summation of Answer to Research Question 3**

In order to surmise the findings that have emerged in relation to answering this research question, it is valuable to clarify how the sustainable development and local economic development concepts are related. Sustainable development involves managing economic, social, cultural and environmental well-being (Mebratu, 1998). Local economic development involves improving the quality of life of residents of a locality by solving local problems at the local level, forming partnerships and collaborating, encouraging participation, diversifying economic opportunity and encouraging innovation and creativity (Blakely, 1987; World Bank, 2001; Chapter 1). While application of the sustainable development concept is difficult and contentious, the findings presented in the previous chapter suggest that it can be argued that the management of local economic development in Tauranga is broadly aligned with the principles of sustainable development. Different groups choose to utilise different definitions which are most suitable or relevant to their purpose. Therefore, none are entirely accurate in achieving sustainable development outcomes as defined in the international literature. This is likely because the task is too massive and is more easily dealt with at the smaller scale. While there may be activities and management structures which do not align perfectly with

sustainable development, this research has found that the direction that is being worked toward in Tauranga is positive in working with the principles of sustainable development.

## **6.4 Research Question 4:**

### **What lessons can be learnt from the Tauranga case study regarding the management of local economic development?**

This section seeks to consider the results in light of what lessons can be learnt from this study that could either improve the management of local economic development in Tauranga or be applied to other scenarios. In order to do this, this section evaluates how the management of local economic development in Tauranga fares regarding the working definition of local economic development that is being used for this study (see Chapters 1 and 5). While there are numerous elements of these research findings from which lessons can be learnt, four predominant lessons emerged through processing the results. These are: 1) it is valuable for local government to acknowledge and be somewhat involved in local economic development; 2) collaborative, partnership approaches are valuable in achieving successful local economic development toward sustainable development outcomes and key people are often also necessary; 3) in Tauranga, there is potentially scope for increased bottom-up interventions, through the local business and resident communities; and finally 4) be pro-active in the management and planning of local economic development activities, it is not necessary to wait for a crisis to take action. A discussion of these four key lessons is provided below.

#### **6.4.1 Key Lesson Number One**

##### ***It is valuable for local government to acknowledge and be somewhat involved in local economic development.***

In the current day, the role of town planning in regards to economic development is that it enables and restricts what is able to be undertaken. It was found that by becoming involved in local economic development, some planning professionals feel (and it is perceived by others) that they are becoming involved in areas that are beyond the scope of their professional role. However, as argued in the literature review, the planning profession grew as a response to social issues. Therefore, it can be argued that planning as a profession can help overcome economic issues (growth, stagnation, and decline). The first philanthropist towns were built

for economic and social purposes (Ashworth, 1951). It is now almost roles reversed, with the economic reviving the town.

It has proven beneficial in Tauranga that local government has acknowledged economic development as being an integral component of growth management. This is because they provide the framework within which local economic development activity takes place (for example, land zoning, infrastructure provision and rule implementation). While this involvement is valuable, it was suggested in this research project that the political nature of decision making within local government bodies can hinder the undertaking of local economic development activities and policy or plan development. For this reason, consensus among research participants was that not having local economic development as a legislative requirement is positive for its outcomes.

Overall, the findings suggest that it may evolve into local government planners' role to be involved in local economic development from the periphery. Alternatively, there is scope for economic development professionals to work alongside planning staff (Blakely and Leigh, 2010). This is deemed appropriate because of their role to facilitate integration of the social economic and environmental (Briassoulis, 1999). However, this will likely depend on the local authority in question and how sustainable development is interpreted (under the RMA). While putting local economic development into the planning legislation may prove to result in a process that is too arduous, developing relationships and involvement with those undertaking local economic development activity is likely to be valuable. The collaborative approach adopted in Tauranga makes this a feasible option for the Western Bay of Plenty sub-region, as local authorities are equipped to combat a variety of issues (Gubala, 1992). This collaborative approach is necessary, as because Kresl (2007) discusses, there is nothing to suggest that administrative boundaries match economic boundaries.

#### **6.4.2 Key Lesson Number Two**

***A collaborative, partnership approach is valuable in successful local economic development toward sustainable development outcomes.***

Tauranga was the first area in New Zealand to develop a sub-regional growth management strategy and it is argued that the collaborative, partnership formation approach adopted by SmartGrowth/Economy is one of the most effective components of the strategies. However, it is suggested by this study that there is potentially limited buy-in among local businesses as

only three quarters of survey respondents were aware of SmartGrowth or SmartEconomy, half had had the opportunity to participate in their processes and of those, only two thirds took up that opportunity (see section 5.6). The approach of Tauranga local authorities acknowledging that local economic development is an important component of managing rapid population growth, but delegating tasks to more appropriate, specialist agencies is proving effective. Effective partnership approaches are required to effectively involve the private sector (Smith and Beazley, 2010).

This partnership between the various agencies and the local government bodies enables strategies to be developed, and projects to be undertaken, that experts and local governing bodies agree upon. Partnerships between central government agencies and local bodies have also proven effective in Tauranga; for example, a relationship between the New Zealand Transport Agency and SmartGrowth has been beneficial for both parties in terms of forward planning opportunities and appropriate and efficient service provision. Similarly, it was found that community level planning is most effective when the community is working alongside official bodies, for example, getting their ideas incorporated into the District Plan.

The collaborative approach in Tauranga has given rise to a level of institutional thickness (Rodriguez-Pose, 2010) conducive to successful local economic development. Alongside this emphasis on collaboration, the results also suggest that it is believed that key individuals are necessary for strong local and economic development and some people attribute Tauranga's performance to the nous of particular individuals, which was also recognised in the review of international literature (see section 5.8.2, Walzer 2004).

### **6.4.3 Key Lesson Number Three**

***In Tauranga there is potentially scope for increased involvement of actors from the bottom.***

This research found that there is scope for increased involvement from the bottom-level, for example community and businesses initiated economic development planning and participation. While local economic development in Tauranga is managed in such a way that it encourages participation and involvement of the public, many survey respondents from the community noted that they would be willing to be involved in the development of community plans, but that not many people were aware of whether their community had a plan. It was suggested that community development plans are of the most value when they have the backing of local authorities and other relevant organisations (further supporting the value of partnerships). It was also suggested that businesses have a responsibility to support the local

community but that this is not occurring as much as would be ideal in Tauranga (see section 5.7). These ideas correlate with the notion of community economic development (Squazzoni, 2008).

Similarly, many business survey respondents said they would like to be involved in local economic development planning (this corroborates with the notion of corporate social responsibility, Visser, et. al., 2010). However, many businesses who participated in the survey have ‘no opinion’ regarding the value of a number of factors involved in local economic development. This has unexpectedly highlighted potential apathy or an area where local agencies can stimulate further interest from the business community. Similarly, there is also potential for local economic development agencies in Tauranga to explore why businesses do not belong to organisations which they have noted that they want to belong to.

The approach of the Western Bay of Plenty District Council in facilitating community development plans for designated growth areas indicates a role councils can play. Comparatively, the Tauranga City Council said that while they are happy to provide guidance to the communities who want to undertake this sort of planning, it is beyond their role to facilitate this. It was discussed in the literature review (Turok and Parnell, 2009) that working at the local level is generally most effective because of the localised knowledge and expertise that exists there.

#### **6.4.4 Key Lesson Number Four**

##### ***Be pro-active in local economic development management and planning.***

A key finding has been that many cities are spurred into action by a shock or crisis (Black and Henderson, 2003). It is recommended from the findings of this study to not wait for a crisis to react, but to be proactive in the management and planning of local economic development activities. Regarding the promotion of diversity in the economy in terms of employment and educational opportunities, the local economic development strategies in Tauranga are aligned. Tauranga is unique in the fact that the Economic Development Agency is independent of council and that it does not undertake some typical roles such as business training programmes (instead delegating/contracting these services to other organisations). Similarly, the local economic development activities identified in Tauranga facilitate, or accept, innovation and entrepreneurship. This economic diversification is likely to protect Tauranga from adverse economic shocks (Shearmur and Polese, 2005).

In New Zealand, the need to make change and target sustainable development is not as evident as it is in some countries where the detrimental impacts of population growth and unsustainable development are observable in everyday life. The experience of rapid population growth in Tauranga is, on a lesser scale, an example of where a crisis can result in action. As a city that has really only seen significant business development in the past three decades, there is perhaps not the same economic development approach that exists in other New Zealand cities, so Tauranga has the value of being an exemplary case study. While local economic development in Tauranga is reactionary as it was initiated subsequent to rapid population growth, it is pro-active in terms of planning for the future population Tauranga is likely to have.

#### **6.4.5 Summation of Answer to Research Question 4**

To specifically answer the research question, there are numerous features of the case study that could be critiqued, and these have been identified throughout the results and discussion sections. However, four predominant lessons have emerged. The three local authorities administering parts of the Tauranga urban area have differing levels of involvement in local economic development and it has been found effective having council involved but from a peripheral standpoint, contracting specific tasks to expert agencies. The collaborative, partnership approach utilised in Tauranga has been commended by many participants for its success, and it is likely that this is transferrable to other contexts. However, there is more scope of the involvement of bottom-up activities in the Tauranga case study, as both residents and businesses indicated their willingness to be involved. Finally, it has been found that it is worthwhile being pro-active as opposed to solely re-active regarding managing and planning local economic development activities and thus improving the quality of life for residents.

### **6.5 Conclusion**

Following the completion of the literature review it was recognised that in order to utilise Tauranga as a case study for exploring the management of local economic development within the planning system, it would be pertinent to understand the growth of Tauranga to date, and how it is predicted to develop into the future. It was found that the growth process experienced in Tauranga aligns with a number of theories, namely post-industrial cities, sub-belt cities and port city development. Similarly, the more recent, and proposed, economic development strategies in the city are aligned with the notion of the 'new economy'. The most

prominent change which has been experienced has been agencies taking an active role in managing economic development since the turn of the twenty-first century.

The literature review also identified that local economic development is a concept that involves a wide variety of actors and activities. Therefore, it was necessary to identify the role that local and national economic, political and community institutions, agencies and organisations play in facilitating local economic development in Tauranga. These agencies undertake a variety of business development, locality development and human resource development activities. Most of these rely on a collaborative approach and many involve local council. By establishing this relationship, local government is able to successfully undertake their future land use, infrastructure and service provision requirements.

As a piece of realist planning research, it was fundamental to identify how local economic development is facilitated by the planning process. Intrinsic to the planning process is the concept sustainable development. While it has been acknowledged that sustainable development is an extremely contentious term, it has been most beneficial for this paper to interpret this prominent concept on the basis that people are increasingly going to live in cities. Following this, it is valuable to explore the concept to identify the best way to facilitate economic development which is aligned to the principles. Globally, an ideological shift away from reliance on cities life as we know it would be required to make it worthwhile to develop a case arguing otherwise.

Finally, in order to make this research applicable to other situations, lessons that could be learnt from the Tauranga case study have been identified. These lessons are based on an evaluation of the success of local economic development activities in Tauranga regarding the working definition of local economic development and the relationship with the key principles of sustainable development. They are that it is valuable for local government to be somewhat involved with local economic development, a collaborative, partnership approach proves effective, there is room for more bottom-up activity in Tauranga and it is valuable to be pro-active as opposed to re-active.

The interactions between the findings of the four research questions, as they are discussed above, are further evaluated collaboratively in the following Conclusion Chapter in order to provide a response to the overall research objective.

# Chapter 7

## Conclusion

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Following a comprehensive, mixed-method research approach enabled this research to effectively identify and analyse information and evidence to provide answers to the four guiding research questions. By considering the combined implications of these findings, the research has successfully addressed the objective set out at the commencement of this research project; a summary of this is provided below. These findings have various practical implications: suggestions for the management of local economic development activities in the case study area; the identification of lessons which have the potential to be applied to other contexts; and value to add to the existing knowledge base. This chapter explains the preceding points and also provides an evaluation of the research project, which is considered to be successful overall. Finally, this chapter highlights key areas that have been identified for possible future research as an outcome of this research process.

### **7.1 Addressing the Research Objective and the Implications**

The overall objective of this research was to develop an understanding of the interplay between institutional factors and the management of local economic development in the process of sustainable urban development, with reference to Tauranga's recent rapid population growth. Although it has been found that sustainable urban development is a contentious notion, this research project has found that having appropriately and effectively managed local economic development interventions can assist in the task of seeking sustainable urban development outcomes. As this research was undertaken in an area of rapid urban growth, it is pertinent to remember that it was found that this is specifically relevant to areas experiencing rapid population growth. However, the similarities identified between these findings and findings in other literature suggest that elements of these findings are transferable to other areas experiencing population growth, stagnation or decline.

The predominant concluding premise of this thesis is that how people and organisations work together to identify aims and objectives and then implement measures to achieve them is the most important factor in the management of local economic development in terms of urban population growth management. The provision of economic opportunities, and the environment to promote the endogenous formation of such opportunities, influences the quality of life for urban residents. Generalisations from the Tauranga experience are that people predominately relocate to Tauranga for lifestyle purposes and migrate elsewhere for enhanced economic opportunities. Active local economic development activities are being undertaken by a range of groups and organisations to revoke this trend.

The wider planning frameworks, which are directed by central government and facilitated by local authorities, influence the forms of local economic development activities that are able to be undertaken. It was found that the integrated, partnership focused approach towards urban growth management and economic development undertaken in the Western Bay of Plenty sub-region is effective in achieving sustainable development outcomes.

As planning is entrenched in policy, and due to the political nature of planning through the central and local government systems which frame planning (which is a slow changing, complex processes), it has been suggested that local economic development may best be managed beyond the realm of planning as it is currently. However, as there is a requirement of the planning profession to support the wider social, cultural and economic needs of the community, it is suggested that local economic development could also be facilitated through the planning process. While this makes sense in theory, this is likely to be difficult to apply at the practical level as the embedded political nature of local government bodies, and the negative perspectives people generally hold toward planning rules and regulations may be difficult to shift. Finally, in terms of making improvements to cities, and preventing negative externalities arising, this research proposes that thinking at the ‘small’, local level can have beneficial impacts which flow on to the national scale and that local level projects are generally likely to be more appropriate than central led ‘think-big’ projects.

It is often argued that economic development is a paradox to the principles of sustainable development. However, in reality, economic development is likely to continue to take place for the foreseeable future. People want to improve their quality of life and people continuously seek better outcomes. This study argues that the management of local economic development can be best improved by harnessing the concept of sustainable development, and

working to achieve outcomes that are most in accordance with the principles of the concept. There is however a gap between sustainable development in theory and in practise. Sustainable development involves assessing impacts on the greater good, while local economic development focuses at the scale of a specific locality; this research proposes that considering both concepts simultaneous has the potential to improve the outcomes for each.

## **7.2 An Evaluation of the Process and Findings**

Using Tauranga as a case study has proved valuable as it emerged to be an innovative and unique city in terms of the organisation of local economic development approaches. There are a variety of organisations with different structures and accountabilities. This structural characteristic has been managed well and proved to have a beneficial impact on the outcomes for sustainable development planning. The apparent natural attractiveness of the Tauranga locality encourages migration and, associated with active encouragement it is likely that over time, an educated population base will eventuate. This research undertook an in depth process, involving a wide range of people with various roles within Tauranga. As always, there are topics which emerged from the research process that could benefit from further focus, however the limited timeframe required a narrowing of the scope of the research. Therefore, it is understandable that many areas could still be further developed, and these are outlined below under ‘future research opportunities’. The results focus heavily on the role of council as they are the predominant facilitator of the planning process. Consequently, the findings specifically add value by exploring how other agencies fit within this local government dominated framework. This project has also compared activities and organisations with the working definition of local economic development and found that the activities in Tauranga are broadly aligned to this concept. Due to the vast range of literature on this topic, and the scope of this study, only a general overview of key ideas, themes and debates has been included. For more specific information, guidance can be sought through consulting the attached reference list.

### ***Future Research Opportunities***

In addition to adding to the existing knowledge base, this research project has identified four key areas which could benefit from further future research. These are evaluating the partnerships in existence in Tauranga (and / or elsewhere); exploring the value requiring local authorities to be involved in local economic development activities; developing a further understanding of the role local, national and international businesses play in the functioning

of the city; and likewise evaluating the value, role and issues faced by community organisations working within the urban environment promoting local economic development.

This research identified that there are numerous relationships between agencies, organisations and individuals in Tauranga and that these are integral to the successful management of local economic development that this paper argues Tauranga has. However, it was beyond the scope of this paper to evaluate the success of these relationships at the individual level. It would be valuable to explore the details and evaluate the performance of these partnerships. This could include comparing formal to informal partnership arrangements, the number of organisations involved in the partnerships, the intended length of the relationships and whether the purpose of the partnerships influence their success.

This paper found that there is no guidance for the level of involvement local authorities are required to have in providing local economic development activities. Consequently, the three local authorities administering the Tauranga urban area have different levels of involvement. It would be valuable to undertake a nationwide study of the different approaches undertaken by local authorities and evaluate their performance. This has the potential to lead to the development of advice for some form of national level guidance.

In regards to the involvement of the community, both the literature and the practise witnessed in the case study locality identified that there is scope for an increasing presence of community organisations as legitimate ‘agencies’ participating in local economic development activities in developed areas of rapid urban growth. Likewise, this study found that the business community is willing to be further involved, and that the community would like to see that occur. Based on these findings, there is scope to explore the viability for increased ‘bottom-up’ involvement in local economic development management in developed areas.

### **7.3 Concluding Insights**

It is not viable, nor is this paper arguing that one should have a purely economic outlook. Instead, this paper argues that there is a need to incorporate local economic development activities (including social and environmental considerations) into the planning framework. This is because being economically sustainable has been identified as a core component in the process of achieving great places to live.

The findings from Tauranga are generally supportive of the key arguments identified in the international literature. The urbanisation process is similar to many post-industrial cities, the local economic development process is driven by the key principles of partnerships and collaboration and the urban planning framework has sustainable development as the primary guiding principle. However, this research is relatively unique in terms of linking the local economic development process to urban planning.

By focusing on the five key elements that were interpreted to constitute local economic development for this project (see Figure 1) progress can be made toward improving the quality of life of residents while embracing the concept of sustainable development. To this end, this paper has found that there is a role for planning to become involved in local economic development, specifically from a managerial standpoint. Already, planners regulate the physical environment within which local economic development takes place. Local authorities, which are responsible for planning at the city, district or regional level, have a function to provide for the economic well-being of their communities. It has been found that contracting services to expert agencies works well in Tauranga. This is likely supported by the motivations and expertise of those working for the agencies. The people driving economic development in Tauranga are forward thinking and want to see an improvement in the facilities, infrastructure and opportunities available to those who live in Tauranga. This collaborative approach proves highly valuable and there is scope to involve a more bottom up approach. By planning proactively for local economic development activities, the future needs of communities are more likely to be provided for.

As a result of a thorough research process, this paper has argued that there is scope for local economic development to improve the well-being and quality of life for people living in urban areas. How this is facilitated and managed is influential for how successful the outcomes are for working toward the principles of sustainable development, as it guides the urban planning activities. Consequently, this paper proposes that the integration of the management of local economic development into planning frameworks has the potential to be beneficial in working toward achieving sustainable development outcomes.

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# Appendix A

## Information sheet and consent form for key informants

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### INFORMATION SHEET FOR

### PARTICIPANTS

Thank you for showing an interest in this project. Please read this information sheet carefully before deciding whether or not to participate. If you decide to participate we thank you. If you decide not to take part there will be no disadvantage to you of any kind and we thank you for considering our request.

#### **What is the Aim of the Project?**

*This project is being undertaken as part of the requirements for the Master of Planning degree.*

The overall purpose of the project is to understand the role of local organisations and businesses in achieving sustainable urban growth and development in Tauranga.

#### **What Type of Participants are being sought?**

Representatives from institutions, agencies and organizations that play any role in local economics, urban growth, growth management and urban development are being sought. Organizational, not personal views are being sought.

#### **What will Participants be Asked to Do?**

Should you agree to take part in this project, you will be asked to participate in a semi-structured interview that will last approximately 30 minutes. The interview will be conducted in person (or via the telephone). It will involve a series of open questions covering facts and opinions on population and economic growth and your organizations role in local economic development, urban population growth management and sustainable development. While organizations may be identified, no individual will be named in the published data. There are no known risks or immediate benefits associated with taking part or not taking part in an interview. However, please be aware that you may decide not to take part in the project without any disadvantage to yourself of any kind.

#### **Can Participants Change their Mind and Withdraw from the Project?**

You may withdraw from participation in the project at any time and without any disadvantage to yourself of any kind.

#### **What Data or Information will be Collected and What Use will be Made of it?**

The data will take the form of notes taken during the interview and an audio recording of the interview if permitted.

This project involves an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in

which the interview develops. Consequently, although the Ethics Committee of the Department of Geography at the University of Otago is aware of the general areas to be explored in the interview, the Committee has not been able to review the precise questions to be used.

In the event that the line of questioning does develop in such a way that you feel hesitant or uncomfortable, you are reminded of your right to decline to answer any particular question(s) and also that you may withdraw from the project at any stage without any disadvantage to yourself of any kind.

The data is being collected for the purpose of the completion of a thesis research project which is required for completion of the Master of Planning degree. Only the student researcher (Sonya Baird) and the academic supervisor (Associate Professor Etienne Nel) will have access to the raw data.

This research has been partially funded via a scholarship from the New Zealand Centre for Sustainable Cities. No commercial gain will be derived from the study.

The results of the project may be published and will be available in the University of Otago Library (Dunedin, New Zealand) but every attempt will be made to preserve your anonymity.

You are most welcome to request a copy of the results of the project should you wish.

The data collected will be securely stored in such a way that only those mentioned below will be able to gain access to it. At the end of the project any personal information will be destroyed immediately except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed.

Reasonable precautions will be taken to protect and destroy data gathered by email. However, the security of electronically transmitted information cannot be guaranteed. Caution is advised in the electronic transmission of sensitive material.

### **What if Participants have any Questions?**

If you have any questions about our project, either now or in the future, please feel free to contact either:-

Sonya Baird: Department of Geography – 03 4794216

Associate Professor Etienne Nel: Department of Geography – 03 479 8543

This project has been reviewed and approved by the Department of Geography, University of Otago.

CONSENT FORM FOR  
PARTICIPANTS

I have read the Information Sheet concerning this project and understand what it is about. All my questions have been answered to my satisfaction. I understand that I am free to request further information at any stage.

I know that:-

1. My participation in the project is entirely voluntary;
2. I am free to withdraw from the project at any time without any disadvantage;
3. The data (audio-recordings) will be destroyed at the conclusion of the project but any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed;
4. this project involves an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops and that in the event that the line of questioning develops in such a way that I feel hesitant or uncomfortable I may decline to answer any particular question(s) and/or may withdraw from the project without any disadvantage of any kind.
6. This research has been partially funded via a Masters Research Award from the New Zealand Centre for Sustainable Cities and this research group has intellectual property rights for the general (and not the individual) findings.

The results of the project may be published and available in the University of Otago Library (Dunedin, New Zealand) but every attempt will be made to preserve my anonymity.

I agree to take part in this project.

.....  
(Signature of participant) (Date)

This project has been reviewed and approved the by Department of Geography,  
University of Otago.

# Appendix B

## Interview schedule: topics and key questions to *guide* the interview.

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### *Introduction*

- Who I am / my background (MPlan Otago / thesis / family in Tauranga)
- Overview of information sheet and signing of consent form
- Overview of research to this point (management of local economic development – academic literature / key documents / basic statistics)
- Purpose of this interview (explore organisational views/experiences/perspectives)

### *1) Background to growth and development*

- Can you please provide a brief overview of the role of the agency/organisation – both generally & specific to local development / management?
- Can you please provide a brief overview of the role of your role within agency/organisation?
- When did your organisation begin undertaking these activities? What initiated this?

Tauranga's population growth preceded any outstanding economic growth;

- Are you able to provide any insight into why Tauranga has grown and developed in the way it has pre-SmartGrowth? / Post-SmartGrowth?
- What, if any, influence / impact has your agency/organisation had on this?

### *2) Partnerships / growth coalitions*

Speaking from your role, how do you perceive the existence/role of partnerships in:

- Achieving organisation aims?
- Improved quality of life for the wider community?

How does your role/organisation interact with other formal and informal organisations:

- Within Tauranga?
- Beyond Tauranga?

What is your involvement in SmartGrowth, Bay of Connections, any other strategies?

### *3) Value of local economic development for community development*

- How do you value or perceive the role of large firms in local development?
  - o Are they being supported / treated accordingly?
- How do you value or perceive the role of small businesses in local development?
  - o Are they being supported / treated accordingly?
- Is the city equipped to cope with change to its economic structure? – in terms of infrastructure / community buy-in etc.
- What are your views on encouraging further economic development – encouraging further population growth?

### *4) Sustainable Development*

- How is the concept of sustainability incorporated in the organisation?
- ...Into the plans?
- ...Into the partnerships?

### *5) Areas of future focus / need*

- What is your perception of the current growth management strategy – framed by SmartGrowth?
- Do you think there are any sectors they think are being excluded or favoured?
- Do you think there are any areas of the community be favoured or excluded?
- Are any issues / needs arising as a result of these strategies, how (well) are these being dealt with

### *6) The broader context*

- Are you aware of how your activities compare to others nationwide or internationally?
- What, if any, further support guidance would be of benefit?
- Are there any best practise examples you are aware of?

### *7) Further discussion on anything else that may be of interest / potential contacts etc.*

# Appendix C

## Cover Letter and Survey for Local Businesses

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Dear interested business representative,

My name is Sonya Baird. I am undertaking thesis research for the Master of Planning qualification at the University of Otago. This involves exploring the views of businesses as I seek to explore the management of economic development in areas of rapid population growth.

Therefore, I am inviting you to complete a short online survey. It consists of 20 questions and should only take 5 minutes to complete. You are welcome to request a copy of the results.

Please follow this link: <http://www.Sonya-Baird-thesis.questionpro.com/>

As I rely on the support of participants, your participation is greatly appreciated.

Kind regards,  
Sonya Baird

### ***Information, terms and conditions***

*Your contact details were listed on an online business directory. You have not been added to any database nor will you be contacted again as a result of completing this survey.*

*Participation in this study is completely voluntary. There are no foreseeable risks associated with this project. However, if you feel uncomfortable answering any questions you can leave it out, you can also withdraw from the survey at any point.*

*Survey responses will be confidential and data from this survey will be reported only in the aggregate. Information will be coded and remain confidential, stored securely in accordance with the University's research policy for five years, after which it will be destroyed.*

*If you have questions at any time about the survey or procedures, please contact Sonya Baird or Etienne Nel at 03 479 4216 / 03 479 8543 or [baiso424@student.otago.ac.nz](mailto:baiso424@student.otago.ac.nz) / [nelet43p@geography.otago.ac.nz](mailto:nelet43p@geography.otago.ac.nz)*

*Because the security of electronically transmitted information cannot be guaranteed, caution is advised in the electronic transmission of sensitive material.*

*Thank you very much for your time and support*

## BACKGROUND

**Q1/20 Industry** \_\_\_\_\_

**Q2/20 Location**

Local firm (local HQ) / Headquarters elsewhere (within NZ) / Headquarters elsewhere (global)

**Q3/20 Why did you establish your business in Tauranga?**

**Please rank those that are relevant: 1(highest) - (up to) 9(lowest)**

Accessibility to port	
Accessibility to other markets	
Size of local market	
Available labour force	
Anticipated future growth	
Support available for establishing business	
Physical life-style: climate, beaches etc.	
Social life-style: cultural/social/sporting opportunities	
Homebase	

<b>Q4/20 When did you set up your business in Tauranga?</b> Last 10 years 1990's 1980's 1970's Earlier	<b>Q5/20 How many people does your business currently employ?</b> <6 6-20 21-50 51-100 101-200 >200
---	---

**Q6/20 - What challenges does your business currently face in terms of development (quality of growth)?**

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**Q7/20 Please identify what you perceive the strengths and weaknesses of the areas economy to be**

	Weakness	No opinion	Strength
Resources			
Size of local market			
Accessibility to other markets			
Support available to businesses			
Local governance			
Local labour force			
Town planning rules and regulations			
Cultural / social facilities			
Speed of economic growth			

**Q8/20 Are you aware of the existing local economic development and population growth management strategies?**

Yes (growth management)	<b>Yes (economic development)</b>
No (growth management)	<b>No (economic development)</b>

## INSTITUTIONS

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**Q9 & 10/20 To which local organisations/agencies/groups do you: (indicate appropriate response)**

	<b>Q9/20 BELONG</b>	<b>Q10/20 WANT TO BELONG</b>
Chamber of Commerce		
PriorityOne		
City Partnerships		
Community Development Group/Centre		
None		
Other		

**Q11/20 - Why do you (want to)**

**belong?** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Q12/20 Have you had the opportunity to participate in the development of urban and economic development strategic plans? Yes / No**

**Q13/20 If yes, did you take up this opportunity? Yes / No**

## THE FUTURE

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**Q14/20 How many people do you see your business employing in 5 years time?**

<6  
6-20  
21-50  
51-100  
101-200  
>200

**Q15/20 What are your future skill and employment needs?**

Highly skilled / experienced / qualified / specialised workers  
Skilled workers with special knowledge / qualification  
Semi-skilled workers performing tasks requiring some training or specialisation  
Workers who need little to no special training or skills  
Other

**Q16/20 We intend to expand our business (please circle appropriate response)**

within the local urban area / nationally (beyond the local urban area) / into the international market / not at all

**Q17/20 Overall, how do you view the future in regards to urban and economic development?**

(Bright - optimistic) / Neutral / (Negative - not good)

**Why?** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## OTHER

Please indicate how you feel about the following:	STRONGLY AGREE - 1	AGREE 2	UNDECIDED 3	DISAGREE 4	STRONGLY DISAGREE 5
Key individuals are necessary for strong local urban and economic development *	1	2	3	4	5
<b>In Tauranga, key individuals are facilitating urban and economic development</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Businesses have a responsibility to support the local community *	1	2	3	4	5
<b>Businesses should work with local government to provide for the local area *</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Urban and economic development can be best achieved from the top (central government) *	1	2	3	4	5
<b>Urban and economic development can be best achieved from the bottom (local government, local groups and public-private partnerships) *</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Demonstration of adequate city planning for the future is important for business location decisions *	1	2	3	4	5
<b>Business clusters foster more efficient and effective outcomes *</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
It is important to incorporate sustainable city principles into business plans *	1	2	3	4	5

**Q19/20 What (if any) do you contribute towards the social well-being, cultural well-being, economic development and/or environmental causes in your community? Please elaborate**

Monetary donations \_\_\_\_\_

Skill/labour donations \_\_\_\_\_

Equipment donations \_\_\_\_\_

Participation in projects \_\_\_\_\_

Environmentally efficient processes \_\_\_\_\_

N/A \_\_\_\_\_

Other \_\_\_\_\_

**Why?** \_\_\_\_\_

**Q20/20 Do you believe the current form of economic and urban development management and planning in the city provides for your needs? (consider if your role as a service provider/exporter/large firm/small firm etc) Y/N**

# Appendix D

## Survey of Community Members

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### 1) BACKGROUND

#### 1a) Why do you live in Tauranga? (you may select more than one answer)

1. Born and/or raised here
  2. For the physical lifestyle: beaches / climate etc.
  3. For the social lifestyle: cultural / social / sporting etc.
  4. For employment/career opportunities
  5. For educational opportunities
  6. For retirement
  7. For family
  8. Other
- 

#### 1b) What do you think is causing Tauranga to grow? (you may select more than one answer)

1. The beaches and climate
  2. The social, cultural and sporting facilities/events
  3. The harbour
  4. Government assistance
  5. Active council help
  6. Employment prospects
  7. The creation of new industries
  8. Educational opportunities
  9. Retirement
  10. Natural growth capacity/potential
  11. Other
- 

#### 1c) Where do you live?

1. Avenues
2. Bellevue
3. Bethlehem
4. Brookfield/Parklands
5. Cambridge Heights
6. Cherrywood
7. Gate Pa
8. Greerton
9. Inner City
10. Judea
11. Matua
12. Maungatapu

13. Merivale
14. Minden
15. Mount Maunganui
16. Ohauti/Boscabel
17. Omanu
18. Otumoetai
19. Papamoa
20. Pillans Point/Bureta
21. Pyes Pa
22. Te Puna
23. Welcome Bay
24. Windermere
25. Other \_\_\_\_\_

For the purpose of this survey, community planning is developing and undertaking plans and actions based on the needs of a specific community. It considers local needs and involves the public. Community planning may relate to the built, economic, physical and social environments of the community.

## 2. COMMUNITY LEVEL PLANNING & QUALITY OF LIFE

1 = Strongly Agree / 5 = Neutral / 9 = Strongly Disagree

	1	2	3	4	5	6	7	8	9
2a) Developing plans and actions for community development (facilities, employment, environment, culture etc. ) at the community level would improve my quality of life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2b) City and regional level planning adequately provides for an acceptable quality of life for me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 3. WHO SHOULD PAY?

1 = Strongly Agree / 5 = Neutral / 9 = Strongly Disagree

	1	2	3	4	5	6	7	8	9
3a) I believe that the <u>government</u> should provide funds for community based planning to be undertaken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b) I believe that <u>local businesses</u> should provide funds for community based planning to be undertaken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3c) I believe that <u>individuals and families</u> should provide funds for community based planning to be undertaken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 4. WHO SHOULD BE RESPONSIBLE FOR IT?

1 = Strongly Agree / 5 = Neutral / 9 = Strongly Disagree

	1	2	3	4	5	6	7	8	9
4a) I would prefer the <u>local government</u> (council) to be responsible for community based development (involving the election process, council staff and using rates money)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4b) I would prefer a <u>non-governmental organisation or agency</u> to facilitate the development of a local based plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4c) I would be willing to <u>actively participate</u> in the development and actioning of community based development plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Question 5: FINAL QUESTION

My community has created its own development plan?

1. Yes    2. No    3. Unsure

Any other comments you would like to make

***Thank you very much for your participation***