LOCAL ECONOMIC DEVELOPMENT IN PRACTICE:
A COMPARATIVE STUDY BETWEEN MONTREAL AND AUCKLAND

A thesis submitted to Auckland University of Technology in fulfillment of the requirements for the degree of Master of Philosophy.

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PREFACE

It is in 2008 while I was living in New Zealand that I had the inspiration for this research project. At the time, I was working in Auckland as a research officer in economic development with the Institute of Public Policy (IPP) at Auckland University of Technology. I spent more than three years in New Zealand and two years in my position as a research officer. IPP’s wide scope of work and the nature of my position allowed me to have a privileged insight into New Zealand society. I took part in numerous multidisciplinary research projects and I was part of a team of academics and professionals who had been working for years in the public interest of New Zealand. Through IPP’s network, I met representatives from diversified interest groups shaping New Zealand society; businessmen, Māori representatives, community group members, government officials, academics and students. It was a very fortunate and accelerated way to discover New Zealand and in particular Auckland.

Prior to New Zealand, I had developed particular research interests in local economic development (LED) within urban settings. I had completed a Masters degree in Urban Studies with a focus on LED at the Université du Québec à Montréal back in Quebec, Canada. I was and still am fascinated by how such a wide concept as economic development takes shape at the local level. How it is interpreted by practitioners, those who have the task to implement initiatives for LED and what it really encompasses in practice.

When I arrived in Auckland, it seemed to me that ‘practicing’ local economic development seemed to mean something different from what it meant back in Montreal. I felt that I had the perfect opportunity to compare the two regions and their practice and I was encouraged to do so by IPP, to pursue this research and make it my own.
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ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

[Signature]

Marie Renee Lambert
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LIST OF ACRONYMS

APO: Auckland policy office
ARA: Auckland Regional Authority
ARC: Auckland Regional Council
AREDA: Auckland regional economic development association
AREDF: Auckland regional economic development forum
AREDS: Auckland regional economic development strategy
ARST: Auckland regional services trust
ATEED: Auckland tourism, events and economic development
BDB: Business development board
BYOB: Be your own boss
CAB: Citizens advise bureau
CAP: Comité d’action politique
CBEG: Competitive business and employment growth
CCO: Council controlled organizations
CDEC: Corporation de développement économique communautaire / Community economic development corporation
CEDU: Community employment development unit
CEG: Community employment group
CEO: Chief executive officer
CER: Closer economic relations
CLD: Centre local de développement
CLE: Centre local d’emploi
CODEL: Corporation of economic development for Laval
CP: Canadian Pacific
CRD: Conseil régional de développement
CRE: Conseil regional des élus
CSSS: Centre de santé et des service sociaux
EDA: Economic development agency
EDANZ: Economic development association of New Zealand
FAMO: Fonds d’adaptation de la main d’œuvre
FRAP: Front d’action publique
FSTQ: Fonds de solidarité de travailleurs du Québec
FTQ: Fédération des travailleurs du Québec
GIF: Growth and innovation forum
GUEDO: Government urban and economic development office
IPP: Institute of public policy
LED: Local economic development
LGA: Local government agency
LT: Local authority
LTCCP: Long term council community plan
MED: Ministry of economic development
MMC: Montreal metropolitan community
MRC: Municipalité régionales de Contés
MRI: Major regional initiative
MUC: Montreal urban community
MUMA: Manukau Maori Urban Authority
NAFTA: North American Free Trade Agreement
NZTE: New Zealand trade and enterprise
OPDQ: Office de planification et de développement du Québec
PALÉE: Local action plan for economy and employment
PLQ: Parti liberal du Québec
PBT: Pacific business trust
PQ: Parti Québécois
RGF: Regional growth forum
RPP: Regional partnership programme
SADC: Société d’aide au développement des collectivités
SBEC: Small business enterprise center
SGF: Société général de financement
SME: Small to medium enterprise
TEC: Tertiary education commission
WINZ: Work and income New Zealand
ABSTRACT

The following thesis presents two real-life experiences of Local Economic Development (LED) and the evolution of these practices from the dynamics in place prior to the establishment of the practice to its current state of affairs. It uncovers the complexities of LED and how practice has been conditioned by its social, cultural, political and economic environment. There are two stories being presented in this thesis: Montreal LED and Auckland LED. The stories are structured into three patterns of development: the history prior to the establishment of LED; a phase of experimentation; and a phase of what could be described as ‘maturity’. It also offers a detailed picture of current practices. These stories were informed by hundreds of documents and a number of practitioner interviews.

Montreal’s first pattern tells a story of empowerment for the French population at both a local and a provincial level. At the local level, the first pattern illustrates the empowerment of community groups and the mobilisation of civil society especially in French industrial districts. This had a fundamental impact on the current practices of local economic development as these groups had a significant influence in defining a more socio-economic focus in LED in Montreal. At the provincial level, empowerment meant a government highly involved in economic development and regional development matters. “Taking control of our own destiny” was a very strong slogan in Quebec during this period.

The second pattern shows how the provincial government had a major impact on the development of LED practices. Until recently, provincial government directly funded LED organisations and local organisations reported directly to provincial government. They built trusting relationships over time. The local-provincial relationships helped favour stability in local economic development areas allowing the long term development of expertise. The second pattern also demonstrates how local economic practices in Quebec are based on the interweaving of bottom up and top down initiatives (from the local community and from the provincial government).

Montreal’s third pattern shows how municipal agencies today play a more significant role in local economic development practices, and how they are now major players in controlling funding. Current practitioners that were interviewed described how they have adapted to this change and how they have built new relationships. The third pattern also demonstrates why LED practitioners consult metropolitan economic development plans, and how they attempt to contribute to these plans. Practitioners hold the belief that it is important to show their relevance in the new paradigm of metropolitan economic development.

Auckland’s first pattern tells a story in the context of national financial regulation and agricultural exporting. It highlights a national government highly focused on external trade in the pursuit of economic development. There was little concern in the development of regions, with subsidies
dedicated to industries with export potential; these tended to primarily support industries in the agricultural sector.

The second pattern reviews the characteristics of the significant reforms that took place in New Zealand with the major deregulation of the financial system, cuts to subsidies, implementation of a “private sector” management philosophy into the public system, the privatisation of public agencies and the sale of public assets. Central government no longer wanted to “interfere” in the economy and decentralised initiatives relating to employment. During this period, the national government did not fully recognise LED as a tool for development. In fact LED initiatives were primarily funded by programmes dedicated to fight unemployment through business development. Local economic development was only brought in through the creativity in the practices of people working at the local level, who managed to direct funding towards broader issues at the local level. LED is still today focused on business development but now includes industrial development as well.

Auckland’s third pattern demonstrates how regional development and sustainable development came more recently into the political agenda. It also illustrates how local agencies came to play more significant roles in local economic development practices. Auckland was recognised as an important engine of economic growth by the national government. As the perceived issues in the governance of the metropolitan region were uncovered, the decision to force amalgamation significantly changed the face of Auckland and the practice of local economic development.

The final discussion highlights through comparisons of the two metropolitan regions how these historical developments have influenced current practice. The conclusion reflects on the impact of the findings on local economic development theory and practice as well as proposing other areas for further investigation.
INTRODUCTION

Nations have implemented initiatives under the branding of local economic development (LED) since the economic crisis of the early 1980s. High unemployment rates were a catalyst for changing the economic development models in place and for introducing LED aspects. During the last thirty years, LED has been a tool for development in many areas of the world. These experiences represent a significant mine of knowledge which, when documented, has the potential to propose new insights on theory. This implies the possibility to refine the current concepts for better integration into the reality of the practice. The thesis attempts to contribute to this documentation by recounting the experiences of LED in Montreal and Auckland metropolitan regions.

The first case study is Montreal metropolitan region located in the province of Quebec in Canada. Depending on the local area studied in the region, LED can be the responsibility of community organisations, of municipalities or of independent agencies. The Corporations de développement économique communautaire (CDECs) retain particular interest for this thesis. They are community organisations most concerned with the revitalisation of their territory and unemployment. They provide support to the unemployed, favour community participation, provide business services and favour industrial development. The second case study is Auckland metropolitan region located in New Zealand. Up to recently and depending on the local area, independent trusts or local councils had the responsibility for LED. The Economic Development Agencies (EDAs) retain most interest in this thesis. They are trusts, in some cases council controlled, concerned with economic growth and jobs provision. They provide services to businesses and favour industrial development. The object of the thesis is to put a light on how the practice of LED in Montreal evolved differently from the practice in Auckland.

The main argument presented in this thesis is that the current practice is shaped by the story of development of LED including the broader cultural, political, economic and social dynamics from which it has evolved. Therefore, the thesis is first interested in un-wrapping the stories of LED in both metropolitan regions. For both regions, the story includes three general periods of time: (1) period before the initiation of LED practice (2) period of establishment and experimentation (3) period of maturity. The thesis recounts the experiences of LED in their broader context and illustrates how particular dynamics and forces have shaped the practice over time. In New Zealand, for example, it illustrates how the economic and financial reforms of the 1980s have influenced the practice. In Quebec, a review of the Révolution Tranquille’s legacy also provides
similar insights. The thesis also dresses a portrait of the current practice through interviews with practitioners. The document is structured around eight main chapters.

Chapter 1 presents the research problem which includes a presentation on the importance of local economic development, a short review on where the approach came from, a brief discussion on the literature regarding the practice of LED and its limits, an introduction to the argument pursuit in the thesis and a short profile of the two case studies.

Chapter 2 presents the research questions and hypothesis which had underpinned the development of this research project.

Chapter 3 presents the methodology favoured for the completion of the research. It explains the choice of using a case study research method and presents the development pattern which is a framework of analysis used to recount the stories of development. It presents the evidences which comprise mainly primary and secondary literature and interviews.

Chapter 4 presents the story of development of LED in Montreal structured in three patterns of development: Regional development and community movement (before the initiation of LED), Initiation and institutionalisation (establishment and experimentation), Governance and LED (maturity).

Chapter 5 presents the current practice of LED in Montreal based on the results of the interviews and the analysis of corporate documents. This chapter defines the governance structure of the LED agencies, the resources and funding arrangements, the relationship with the funding agencies, the profile of the practitioners, the main activities carried, the roots in the community and the opinion on regional governance. The conclusion establishes links between the story of LED and the current practice. The present tense is used in this chapter to contrast with the story of development; however, this portrait represents the reality of 2008, when the interviews were conducted. In any other context than a discussion around current practice, the use of the present tense in the thesis refers to 2010.

Chapter 6 presents the story of development of LED in Auckland structured in three patterns of development: Community development and full employment (before the initiation of LED), Initiation of LED (establishment and experimentation), Governance and LED (maturity).

Chapter 7 presents the current practice of LED in Auckland based on the results of the interviews and the analysis of the corporate documents. This chapter is similar to the Chapter 5 concerning
Montreal. The conclusion also establishes links between the story of LED and the current practice. The present tense is used in this chapter to contrast with the story of development; however, this portrait represents the reality of 2009, when the interviews were conducted. In the recent months, changes have happened swiftly in Auckland EDAs’ environment with the implementation of a new Central Council and the dismantlement of the local councils. There was an attempt to incorporate what was relevant in the most recent changes. However, as the new Council has been in operation for only a few weeks, the context will be subject to rapid changes.

Chapter 8 presents a discussion comparing Montreal and Auckland’s LED stories of development illustrating how it explains the differences in their current practice.

The conclusion discusses the incidences of the results on the practice and on the theory of LED. It also raises new questions and proposes areas for future research.
CHAPTER 1: RESEARCH PROBLEM

There is about a billion dollars worth of gold being extracted each year, being exported (...) What is the revenue from gold going into the treasury of the Democratic Republic of Congo? $37,000. A billion goes out $37,000 stays in. This is a plunder on the grand scale (Paul Collier, 2010)

This is a quote from Paul Collier during a conference in Ottawa in May 2010 based on his latest book The Plundered Planet. Collier is a Professor of Economics and the CEO for the Centre for the Study of African Economies at the University of Oxford. In his presentation, he affirmed the significant amount of untapped natural resources in Africa, trillions of dollars worth in his estimation. Due to the high price of commodities these resources will be found as he described ‘by hook or by crook’. Collier believes that untapped natural resources might be one of the best opportunities for many African countries as a way out of poverty. He uses the example of the Democratic Republic of Congo to illustrate that there are past mistakes but that history does not have to repeat itself and that learning can be made from our past experiences. Collier discussed how an African country can harness its resources toward prosperity and avoid plundering. He asked the question: how do we capture the value for a whole society?

Oil exploration and the exploitation of natural resources in general illustrate how global economic interrelations represent a certain number of opportunities from which nations can benefit. How the significance of these benefits depend on global arrangements such as trade agreements, but also on internal preparedness.

Yet, corruption, political instability, and the lack of the rule of law and functioning social, economic, legal and political institutions, along with cultural factors, constitute major impediments to successful modernisation, globalisation, and economic growth. (Gruenwald, 2008, p.4)

The recent oil leak in the Gulf of Mexico by the British company British Petroleum illustrates, for example, the importance of having strict and appropriate legislation for the exploitation of natural resources.

It was long thought that the benefits of economic growth could ‘trickle down’ and improve everyone’s condition. 1998 Nobel Prize winner in Economics Amartya Sen (2001) highlighted the importance of the non-market institutions in determining the extent of inequalities between nations as well as within nations:

It is hard to participate in the expansionary process of the market mechanism (especially in a world of globalised trade) if one is illiterate and unschooled, or if one is weakened by undernourishment and ill health, or if social barriers (such as discrimination related to race or gender) exclude substantial parts of humanity from fair economic participation. Similarly, if one
has no capital (not even a tiny plot of land in the absence of land reform), and no access to micro-credit (without the security of collateral ownership), it is not easy to show much economic enterprise in the market economy. (Amartya Sen, 2002, pp.13-14)

In this quote Amartya Sen highlighted the importance of fair economic participation whilst at the same time stressing the importance of employment. In another article Social Exclusion Sen (2000) discussed the consequences of unemployment through an example in Europe where unemployment had been registered in double digits for an extended period and seemed to have become acceptable. He claimed that unemployment represented a loss of production as well as skill development and could cause long term damage to the unemployed as such loss of freedom, social exclusion, ill health and mortality, loss of human relationships, and so forth.

The practice of local economic development (LED) in developed countries first arose to respond to high unemployment. The global economic crisis of the 1980s and the restructuring of the economy had caused the loss of jobs resulting in high unemployment and concomitant levels of relative poverty. This was particularly evident within industrial districts of metropolitan areas. To respond to unemployment, several developed countries put in place initiatives falling under the LED approach. These initiatives were inspired from a new field of study which had emerged at the end of the 1970s and the beginning of the 1980s.

This new field of study was based on the notion of endogenous development which refers to the possibility of inducing development from within an area, from internal forces. Writers like Störh, Meadow and Friedman have contributed to the emergence of this field. Endogenous development is often referred to as the central feature of local economic development (Blakely, 1994). LED is generally understood as local actors taking the initiative by assuming responsibility for development. Through the mobilisation of various parties and the development and implementation of strategies they effectively adjust development options to outside pressures (Pecqueur, 1994 cited in Proulx, 1994). This is done on the basis of collective action within a cultural and territorial context. Local economic development does not mean rejecting all external investments but rather it allows a locality to be less dependent on these investments. Today, we can find initiatives across the world which can be categorised as falling under the LED approach.

In the 1980s, however, LED represented a new way of thinking about economic development at a local level. In the 1950s and 1960s, governments had tried to diminish regional inequalities by attempting to attract external investment through large companies and financial investments. The economic development tools were based on the belief that development was driven by these outside or exogenous forces. During those years governments spent significant amounts of money on infrastructure and subsidies to attract these companies. It became clear that the amount of
money spent in the creation of few local jobs did not produce economic development in the long term. The mitigated results of these policies and initiatives and the associated decline in public resources created pressure for new approaches and solutions.

In developed countries, the practice of LED was first applied in response to unemployment. Today, the theory of local economic development encompasses a large variety of concepts and considerations. Employment still has a place in the literature. However, LED theory has expanded over the years with contributions coming from a multitude of fields of study including geography, planning, economics, and the social sciences. The components of the theory have diversified, producing complementary and overlapping concepts. Publications treating economic development at the local level tend to explore various concepts, tools and strategies like community economic development, networks and partnerships, governance, competitive advantages, social capital, local growth, social innovation, social economy, community empowerment, sustainability, technologies, creativity, and so forth. It is therefore not uncommon to find publication titles such as the following: Économie solidaire et développement local from Daghri and Zaoual (2008) or Développement économique communautaire; économie sociale et intervention, from Lèvesque and Favreau (1999) or The Theory and Practice of Local Governance and Economic Development from Considine & Giguère (2008).

Polèse (n.d), however, believes that in terms of the actual tools which support the practice including community activism, manpower training, incubators, entrepreneurship, techno parks, and so forth, although important, do not really propose anything new. He added that more contributions are needed:

This is not to belittle the usefulness of input-output analysis and similar tools, but rather to remark that research on the condition of local economic development is by nature messy and multi-disciplinary. In many cases, the contribution of sociology, anthropology or political science will be as (if not more) important that of economics (Polèse, n.d, n.p)

An alternative view is expressed by James Rowe (2009), who believes that the diversity of theories and approaches sitting under the heading of LED is a significant issue for practitioners. According to Rowe, the current limitations of practice stem from the lack of central theory:

Many economic development initiatives, programmes and activities are designed to garner media coverage (such as FDI marketing trips and trade shows) to retain political support instead of enhancing the competitive advantage of the city or region. Many more activities are initiated in order to be seen as doing something (Isserman, 1994) and other economic development

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1 Although it would be wrong to think that all initiatives of this kind have disappeared especially in Quebec with its mining industry.
practitioners just muddle through (Fortun and Bernstein, 1998; Lindblom, 1959). (Rowes, 2009, p.8)

James Rowe (2009) wants practice and theory to become one and insists that practice can not live without theory. Rowe’s conclusion appears to be based on his experience and observations of the practice of LED completed by a review of the current theory on the subject. Another perspective, which underpins this thesis, is that practice of LED has to be further documented to build an informed theory. It is by continuously building knowledge based on LED experiences that we might be able to identify, detail and originally develop new tools better integrated within the realities of particular communities and localities.

(... in this very socio-economic domain, learning takes place through the comparative analysis of experiences in different countries, regions, communities, and through a variety of cultural, social, and political traditions (Moulaert et al. 1994a, moulart, and Demazière 1997). (Moulaert, 2000, p.67).

In building knowledge from day to day experience many practitioners have contributed to this exercise already. Whereas James Rowes presents a particularly dark image of the practice of local economic development, the literature often concentrates on success stories. For example, De Blasio and Nuzzzo (2010) seek to understand the essence of the Italian success in terms of LED initiatives. In addition to success stories, it is common to see new publications exploring particular aspects of local economic development through real experiences. The examples are numerous and to name only a few: An assessment of the growing local economic function of local authorities in Russia (Mitchneck, 1995), Tourism and a local development strategy in South Africa (Binns & Nelt, 2002), and Applying strategic planning to local economic development: The case of the Connemara Gaeltacht, Ireland (Ó Cinnéicle & Keane, 1990). All of these case studies provide useful insight on particular aspects of local economic development practice. At the same time, this literature rarely presents a complete story exemplifying the complexities of LED. Providing a comprehensive experience of LED and its practice is the object of this thesis.

There are a multitude of ways in which one might engage with economic development depending on things like the political system, the policies, the economy, the institutional arrangements or the culture. Within metropolitan areas, this context becomes particularly complex. Today metropolitan regions occupy a special status as they are often regarded as mediating systems or entities, lying as they do at the interface between the local and global economies (Greffe, 2009). The performance of metropolitan regions in various sectors is becoming increasingly observed and evaluated, with growing interest in competitiveness and comparative advantage. Consequently, finding the right structure for the management of a metropolitan region has now become a key research topic. Furthermore, the world is more urbanised than ever before with metropolitan
regions encompassing localities of large diversities. Such centres often encompass the wealthiest areas and the poorest areas of a country. At the same time their culturally diverse populations often reflect the influx of new immigrants. With this factor in mind it is not difficult to see how the needs for LED initiatives would vary from one area to another. To better understand the influence time and context have over practice, this thesis concentrates on the practice of LED within two metropolitan regions: Auckland, New Zealand and Montreal (Quebec), Canada. Recounting the story of both areas represents an important component of the analysis. Therefore, only a broad introduction to these regions and there countries of attachment is done here.

The Montreal metropolitan region is part of the province of Quebec in Canada. This province is located in what is known as central Canada. In 2006, there were 7,546,131 people living in Quebec out of the 31,612,897 people living in Canada. Politically, Canada is a democratic monarchy. Like New Zealand, there is a representative of the King or Queen of the United Kingdom, the Governor General. An additional representative is also found in each province of Canada. The government comprises a parliament, an executive power and a judiciary system. The parliament is different to that found in New Zealand because it comprises two chambers, the Senate and the House of Commons. Furthermore, the provinces including Quebec have elected legislature that hold extensive powers such as direct taxation, natural resources, prisons, hospitals, municipal institutions, licences for provincial and municipal revenue purposes, local works and undertakings, incorporation of provincial companies, property and civil rights in the province, the creation of courts and the administration of justice, fines and penalties for breaking provincial laws, and education. (Forsey, 2010). Therefore, when it comes to LED, provincial government has more impact than Federal. This explains the focus on the provincial government’s policies and strategies in the story of development. The provincial legislature of Quebec and the House of Commons of Canada are chosen at election time by the voters. They both use a universal suffrage voting system..

The basic constitutional and criminal laws in Canada are the Constitutional Act, law passed by Parliament or a provincial legislature, Common Law of England (modified over time) and the civil law with the exception of Quebec which has a Civil Code. To build a just society, the constitutional act includes a Charter of Rights and Freedoms, ‘guaranteeing the fundamental freedoms, democratic rights, mobility rights, legal rights, equality rights and language rights of all Canadians.’ (Canadian Heritage, 2010). Canada has two official languages: French and English. Quebec has one official language, French.
Montreal was officially established as a city by the French in 1642. The main occupation was the commerce of fur which was also based on the support of the first nation’s local tribes, mostly Iroquois. It remained a French colony up to 1759, when Britain took possession of what was going become Canada. In 2006, the Montreal metropolitan region encompassed 3,635,571 people and was the second largest French metropolitan region in the world after Paris. It is the largest metropolitan area of Quebec and the second largest in Canada. Montreal is located on the extreme south-western portion of the province of Quebec. The heart of Montreal is located on an island of the St-Lawrence River with the outskirts of the metropolitan region located off the island. It takes its name from the Mont-Royal, a mountain located in its center. As it is explained in the Chapter discussing the LED story of development, Montreal’s governance is complex and has multilevel.

Located on the North Island of New Zealand, Auckland is the main metropolitan region of the country. Its heart is the meeting place of the Pacific Ocean and the Tasman Sea, located on a narrow isthmus that has influenced the overall physical development of the region. Surounding the city centre, several dormant volcanoes define the landscape.

The country of New Zealand is formed by two main Islands and several smaller islands located south-west of Australia in the south-west of the Pacific Ocean. The country encompasses 4,365,591 people in 2010 covering a territory of 268,680 km². New Zealand was first discovered by Polynesian people between 950 and 1130 AD. Several centuries later with the arrival of the Europeans, the Treaty of Waitangi was signed in 1840. The Treaty is an agreement between the British Crown and 540 Māori rangatira (chiefs) and is a founding document of New Zealand. Today, the treaty is considered as a broad guide of principles on which the government of New Zealand is built on. The official languages of New Zealand are English, Māori and Sign language.

Politically, New Zealand is a democratic monarchy, where the government advises the Head of State, the governor-general, as representative of the Queen or King of the United Kingdom. By convention, the head of state generally accepts the government’s advice. New Zealand has no single constitutional law but rather a system with a ‘number of acts of parliament, documents issued under the authority of the Queen, relevant English and United Kingdom Acts of Parliament, decisions of the court, and unwritten constitutional conventions’ (New Zealand Parliament, n.d.).
New Zealand’s parliament has one chamber, the House of Representatives, where its members are elected with a mixed member proportional representation voting system\(^2\).

According to the last census in 2006, the Auckland region encompassed 1,303,068 people demonstrating an increase of 12.4% since 2001. As with many large modern metropolitan regions, Auckland has a diversified ethnic population encompassing mainly European, Māori, Pacific islanders and Asian cultures. The Auckland region includes seven cities or districts: Rodney District, North Shore City, Auckland City, Manukau City, Papakura District, and Franklin District. Auckland City is the largest with 404,658 people in 2006, while Papakura district is the smallest with 45,183 people.

\(^2\) Each elector has two votes: One vote for a local Member of Parliament and a second vote for a preferred political party. Political parties are represented in Parliament in proportion to the share of votes each party wins in the party vote of the general election.
CHAPTER 2: RESEARCH QUESTIONS AND HYPOTHESIS

This research seeks to define and compare the practice of Local Economic Development (LED) in the metropolitan regions of Montreal and Auckland. The main hypothesis proposed is that the current practice of LED is shaped by the story of its development including the broader cultural, political, economical and social dynamics from which it has evolved. The thesis is guided by three main questions:

1. What are the stories of development that have defined LED practice in Montreal and in Auckland?
   a. How did it start?
   b. What are the patterns of development?
   c. What were the political, social, economic and cultural influences?
2. What are the main characteristics defining current practice?
3. How do Montreal and Auckland compare considering their respective stories of development?

The hypothesis: Local economic development practice is shaped by the story of its development. The story includes the social, political, economic and cultural context within which the LED practice has risen and evolved to reach its current form. Therefore, we expect to see a difference in LED practice between Montreal and Auckland that can be explained by their respective stories.
CHAPTER 3: METHODOLOGY

The thesis is framed by two cases studies covering Montreal and Auckland metropolitan regions. Each case comprises the story of development of LED practice in an historical study that includes a broader political, social, economic and cultural context. It also provides a picture of the current practice in each region with a final discussion comparing the two cases. This chapter describes the choice of the research methodology, the framework of analysis, the data collection tools and the evidence.

3.1 Case study

To substantiate the main hypothesis a case study approach has been favoured. Case studies provide the flexibility to look at a phenomenon within its context and lends to multidisciplinary and grounded research. It suits the focus of this research as it provides the possibility of building an intimate knowledge of each metropolitan region to the point that they become a stand-alone entity. It provides the opportunity to go beyond what is first apparent in order to uncover the complexities. Montreal and Auckland have been chosen because the author of the thesis has lived within both metropolitan regions and has a deep understanding of their respective countries. This is a valid argument as the object of the thesis is complex and demands intimate comprehension of the case studies. Montreal and Auckland are different in many ways: Montreal has a significantly higher population than Auckland, the regions are located on opposite sides of the globe, and they have significant cultural differences, to name but a few. These differences will allow the research to demonstrate how context matters in shaping local economic development practice. However, they are not so different that they do not share certain commonalities. They both represent large metropolitan regions within their own country and both face challenges related to economic development in their metropolitan areas.

3.2 Story of Development

The stories of development defining LED practice in Montreal and Auckland are narrated through an examination of development patterns. Development patterns are essentially frameworks of analysis developed by Professor Ian Shirley of AUT University. In the context of this research, the overview of development patterns serves to respond to the first question of the thesis:

1. What are the stories of development that have defined LED practice in Auckland and in Montreal?
3.2.1 Framework of analysis

The development patterns approach is a framework for analysis identifying specific periods of time in the development of a particular locality, region, city or nation. The purpose of framing the stories of development into distinctive periods is to ensure historical integrity as well as understanding the various political, social, economic and cultural forces which influenced the evolution of local economic development practice. The development patterns will allow the grouping together of a series of changes, events and projects arising from a particular environment. This series of changes, events and projects that may have once been considered separate and singular entities are then grouped together to demonstrate a pattern. A development patterns approach is helpful in building evidence and in integrating those isolated, unique events emanating from broader themes and periods of change.

In the context of this thesis, patterns emerged when periods in the LED were identified. A significant change in LED indicates the end of one pattern and the transition to another. Three main patterns of development have been identified for both regions.

The first pattern of each case study highlights the period prior to the establishment of LED practice. In both cases, the first pattern presents the development paradigms evolving from approximately the 1960s to the 1980s. By the end of this period, both Montreal and Auckland came to face significant economic and social challenges. This first pattern provides insights into how the perceived need for new approaches towards economic development emerged over that time. In both cases this involved reviews of the welfare state political system, the consequences of the 1970s international economic crisis, and eventual economic restructuring.

The second pattern represents experimental periods of LED practices for both city regions. Montreal and Auckland chose different paths in their respective approaches in LED practices. The second pattern recounts for each metropolitan area the exploration phase of LED practices and their ideological backgrounds. It also illustrates how the choices of approach were not at random, but rather ingrained within the context of society within which they were set.

The third and final pattern recounts the rise of metropolitan economic development on the political agenda. The pattern looks at how local and metropolitan concerns came to be integrated within the city/regions of modern metropolitan areas. In Auckland in particular, the pressure was placed on LED practitioners to prove their contribution to the economic development of the metropolitan region.
3.2.2 Evidence

Three sources of information were used to define the patterns of development and built their core:

1. Secondary literature on LED practice in Montreal and Auckland during the past 50 years
2. Primary and secondary literature covering Montreal and Auckland during the past 50 years
3. Primary and secondary literature covering LED in Quebec and New Zealand during the past 50 years.

In research for literature on LED practice in Montreal, a number of papers were uncovered including the work of sociologist Dr. Richard Morin. However, concerning LED practice in Auckland, no source was identified. In the research for primary and secondary documents concerning the two metropolitan regions during the last fifty years, several documents were identified and consulted. These documents were mainly academic journal articles, books, government reports, policy and programme reports, archives and internet websites. Particular interest was given to secondary literature to understand the preoccupations regarding the metropolitan regions during the past 50 years. However, a period exists where very little was written on Auckland. This period occurred during the time of the macro-economic reforms in New Zealand, impacting heavily on various spheres on New Zealand society with little written about their consequences on Auckland specifically. As a result, the evidence is largely built on literature discussing national matters in New Zealand and briefly referring to their impacts on Auckland.

To build the context around the practice, two sources of documentation were consulted:

1) Primary and secondary literature on economic development policies
2) Primary and secondary literature on regional policies

Main themes were drawn from articles which appeared to catch the attention of economic development and regional development policies. This means different themes might be explored in different periods; themes like immigration, governance, urban poverty and new technologies with their importance shifting over time. Finally, a few key events well known and documented in the history of the two countries and regions having indirect consequences on the LED practice were considered.
3.3 Current practice

In order to develop a picture of current LED practice in each metropolitan region interviews were conducted with current practitioners. The interviews are used to respond to the second question of the thesis:

What are the main characteristics informing current practice?

3.3.1 Interview process

Interviews were used as a window on current practice. The characteristics of current practice were identified through the practitioners experience and their understanding of LED.

A total of eleven practitioners were interviewed: five from Montreal and six from Auckland. The variation in the number of practitioners between both metropolitan regions is explained by reason of opportunities. It was initially meant to be five practitioners within each metropolitan region. At the time of the study, the researcher was based in Auckland and had more flexibility scheduling interviews and the possibility to interview an additional person arose. The interviews in Montreal were conducted during a two-week visit where the same opportunity did not occur. All participants were practitioners in LED and each have accumulated several years of experience in their field. They occupied a position of authority (CEO or Director) in their organisation. In Auckland the six CEOs of LED organisations represented all the organisations involved in local economic development within the region, with the exception of one group not interviewed in the Papakura District. On the other hand, the five practitioners interviewed in Montreal represent only a small number of organisations involved in LED throughout the metropolitan region. However, the particular agencies included in Montreal occupy a special position within the story of development. It will be possible to infer a link between the story and their current practice to confirm the hypothesis. The development patterns identified in each metropolitan region demonstrate the relevance of the participants interviewed without the need for statistical representation.

Each interview lasted one hour and were analysed by themes. The practitioners were informed prior to the interview the topic of discussion and of any ethical concerns (Appendix 1: Information sheet). The research ethics protocol was respected. Some themes were identified previously in an open questionnaire (Appendix 2, Indicative Questions). The themes included, but were not limited to; practitioner background, the main activities of the organisation, the overall objectives of the organisation, their governance model and their relationships with their main founding agencies.
The interview was designed to be flexible and practitioners were invited to discuss other themes which were not on the questionnaire. In addition, the questionnaire evolved with time, adding questions based on the information collected through prior interviews and thus building the knowledge base.

3.4 Discussion: comparative analysis

The comparative analysis represents an opportunity to summarise all the findings, linking the stories of development and the characteristics of practice. With this view, the comparative analysis focuses on highlighting the differences and similarities between the two case studies in relation to their respective stories of development as opposed to evaluating practice or searching for a best practice model. The comparative analysis is the time to present the argument that will address the main hypothesis.
CHAPTER 4: STORY OF LOCAL ECONOMIC DEVELOPMENT IN MONTREAL

The following chapter presents the story of local economic development in Montreal and is divided into three periods of development from 1960 until present day. Each period has been identified by the emergence of changing policies (including institutional changes) in the application of local economic development in Montreal.

In developing the story of LED in Montreal three patterns emerged:

- Pattern One: Regional development and community movement (1960 – 1980)
- Pattern Two: Initiation and institutionalisation of LED (1980-2000)
- Pattern Three: Governance and local economic development: (2000 to 2010)
4.1 Pattern One: Regional development and community movement (1960-1980)

By 1960 Montreal had experienced different phases of growth and development. From the Canadian Constitution in 1867 to the Second World War, Montreal was recognised as Canada’s most important city. During this period Montreal experienced large demographic, territorial and economic growth and emerged as the largest industrial and financial centre of the country. Montreal’s manufacturing and industrial sectors were strong in clothing, food and tobacco production. Furthermore, Montreal’s geographic position placed the city at the heart of Canada in the transportation of goods and commerce with Europe. Montreal’s vivacity was recognised throughout the country attracting people looking for employment and settlement opportunities (Linteau, 1992).

Internal migrants were primarily French Quebecois accounting for more than 60% of the Montreal’s population by the end of the 19th century. Despite the increasing French population during this period, Montreal did however continue to project an image of an English city (Linteau, 1992). Anglophones dominated the economic activity of the city maintaining a strong presence within the business district; they also dominated the municipal administration up until 1880. Finally, Montreal’s infrastructure and architecture within the city centre has been British inspired.

Prior to the signing of the Canadian Constitution, four distinct ethnic groups comprised the city’s demographic patterns: French, English, Scottish and Irish. From the beginning of the 20th century, however, international immigration began to significantly transform Montreal’s demography. By 1960 large numbers of Jewish, Italian, Greek and Portuguese immigrants had settled in Montreal. The city became increasingly cosmopolitan with the arrival of the new immigrants occurring in much the same way as had the original French and British settlers. New immigrants settled in separate distinct boroughs to establish their own local community with their own hospitals, churches, and schools. They differed in language, religion, colonial allegiances and socio-economic status and as a result built a community which reflected their own characteristics. As for the French and British of Montreal during this time, a constant tension had arisen that led to the development of separate social institutions to mediate the violence and conflicts occurring between the two population groups (Linteau, 1992). This separation is often referred to as the Deux Solitudes or the Two Loneliness.

The historian Linteau (1992) explained that there were two realities in regards to living conditions in Montreal at the time. For some, living in Montreal meant a life of luxury and high comfort, for others, it meant factories, smoke, pollution and poor sanitary conditions. Up until this point in
Montreal’s history, only a small Anglophone business community representing a group of well-known families benefited from the city’s economic growth. The predominantly Francophone labourers were left behind.

Even during the economic crises of the 1930s which affected all socio-economic groups, institutions and organisations, the worst and longest lingering effects were felt by the less skilled working class, the French Quebecois. Major unemployment and poverty existed and it only ended with the onset of the Second World War. However, during this time there were initiatives put in place to support the working class such as the development of the province’s first unions. It was also during the early 1900s that the first locally owned credit unions and financial cooperatives were established. Caisses Populaires were created in the province of Quebec. By 1920, there were 219 of them operating across Quebec with the key objective to encourage the working class to save their money, while offering credit to a population that otherwise would have been rejected by regular banks (Roby, 2009).

From the 1930s to the end of the Second World War, Montreal’s economic and demographic position within Canada had declined to the benefit of Toronto. This was particularly evident in the financial and industrial sectors of the city. But, with the end of the Second World War, a long period of growth and prosperity began in Montreal. This new growth and prosperity was not equally distributed between the different settlements of Montreal (Linteau, 1992). The new growth saw Montreal bloom to 2,109,509 citizens by the beginning of the 1960s (Statistics Canada – Population Census, 1961, cited in Linteau, 1992).

4.1.1 Quiet Revolution and investing in development

During the 1960s the province of Quebec experienced an important period of political, economic and social change. This period is commonly referred to in Quebec as the Révolution Tranquille, translating as the Quiet Revolution. The Quiet Revolution represented firstly, a period during which French Quebecois rose and took their place within various spheres of Quebec society. Secondly, the Quite Revolution represented an important period of state modernisation for the province of Quebec.

Prior to the Quiet Revolution, the province of Quebec was led by a conservative government most notably recognised for its corruption and authoritarian style of governance (Cuccioletta & Lubin, 2004). It also witnessed the majority Francophone population of Quebec seemingly under the control of the Catholic Church, a situation referred to as the Dark Ages. The Catholic Church was especially influential within Quebec’s rural areas retaining control over civic life (Cuccioletta &
Lubin, 2004). Nowhere else in Canada had the Church held such powerful influence within a provincial government by holding responsibility for hospitals and education.

During this time the Francophone population were amongst the least educated people of Canada and occupied the bottom of the country’s wage scale. The conservative government of the time adopted a ‘hands off’ approach to these disparities and promoted an agricultural vision for the province of Quebec. Meanwhile, the natural resources of the province were exploited by foreign companies and industries were primarily controlled by Americans and English Canadians (Lebeuf, 2000). Fenwick (1981) summarised the general approach of the government as follows:

(...) it [the government] had been the advocate of the conservative antistatic philosophy of the traditional politico religious elite. The party had cooperated with English Canadian business interests in the province and, while advocating greater provincial autonomy, had limited the role of the provincial government in Quebec’s society and economy. (Fenwick, 1981, p.206)

A common perception characterised the Quiet Revolution as a counterpart to the Dark Ages; a rupture with the past into a future marked with transition from a traditional to a modern society. A particular dynamic was rising in Quebec and as Fenwick (1981) explained the new provincial government, the Parti Liberal du Québec (PLQ), played an instrumental role in Quebec’s Quiet Revolution:

The decline in the power of the Church in Quebec, the rise to political power of the growing urban, bureaucratic middle class, and the ascendancy of the provincial government culminated with the initiation in 1960 of what has been called the Quiet Revolution. Although these changes had been occurring for some time, 1960 marks a most significant point in the transformation of Quebec society and its institutions and in language group relations in Canada. (Fenwick, 1981, p.206)

After its election in 1960, the new government initiated a rapid modernisation of the state introducing a series of reforms and institutional changes to “make more relevance to an industrialised economy” (Fenwick, 1981, p.207).³

During the Quiet Revolution the government took a Keynesian welfare state approach (Lebeuf, 2000) creating four new ministries; provincial affairs, education, revenue, and culture. The public sector was largely reorganised and the number of public servants increased along with their salaries. The government democratised education by investing in a free and public system, built schools and implemented a mandatory school age of 16. A significant recruiting process took place for university staff across the province and healthcare accessibility was significantly improved and insured by the state:

³ When the Union Nationale regained power in 1966, many observers feared that the Quiet Revolution would be over. However, a majority of the reforms initiated under the PLQ were to continue. (Fischler and Wolfe; 2000)
Control over education was taken away from the Church and placed in a newly created Ministry of Education, and a comprehensive program of educational reform was undertaken from kindergarten through university levels. A system of provincially financed junior colleges, or CEGEPs, replaced the old system of Church-controlled. Health and welfare systems were also taken out of the hands of the Church and were rationalised and bureaucratised (Fenwick, 1981, p.207).

Public spending rose from 8.5% of the provincial GDP in 1961 to 26.8% in 1985 contributing to an economic development jump in the province (Lévesque, 2004).

The new government also took a key role in the economy and were determined to include the Francophone population of Quebec. It is during this period that the PLQ government used the famous slogan maîtres chez nous or ‘masters of our own house’. This expression referred to, amongst other things, the need for Quebec to take control of its development. A significant initiative toward this goal was nationalisation of electricity generation and distribution with the creation of Hydro Quebec in 1962. This state company focussed, and still focuses, on hydroelectricity. The initial impact of nationalising electricity was uniform electricity rates across the province but at the same time the creation of Hydro Quebec had a much more significant impact on the economic development of the province in the long term. In a conference held in 2010 in Montreal on One hundred years of economic development in Quebec, the four main participants, including Bernard Landry⁴ a former Premier of the province of Quebec, all agreed that the establishment of Hydro Quebec might be the most important initiative of the past 100 years in the economic development of the province. The former premier argued that there was a physiological effect to this initiative, that of giving confidence to the French population of Quebec.

In fact, upon creation of Hydro Quebec, the French Quebecois were favoured for management positions within the state company. With these appointments, the people realised they could successfully manage the largest energy production company in North America. Landry also added that without this success, he doubted that today’s large international companies of Quebec such as SNC Lavalin would exist. The nationalisation of energy promoted an opportunity for the provincial government to play a role in the province’s economic system.

The provincial government also created key financials tools that would allow intervention on their part to stimulate the economy of the province. For example, the government created the Régie des Rentes du Québec, a contributory pension plan. This universal plan became compulsory with portable benefits for employees and remains so in 2010. To manage the funds collected from the employees’ pension plan, the government also created the Caisse de Dépôt et de Placements. The government agency is responsible for making safe investments for the pension plan fund as well as

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⁴ The other participants were Yvon Bolduc, Bernard Landry, Nancy Neamtan and Charles Sirois.
supporting government operations and direction. Yet another government intervention in the provincial financing system was the creation of the Société Générale de Financement (SGF). This agency’s mandate was to directly participate in the creation of private enterprises within Quebec, including support for existing companies experiencing difficulty (SGF, 2008)\textsuperscript{5}. These organisations represent the intervention of the state within the financing system:

These institutions will contribute to the formation of large enterprises (eg. Bombardier or Cascades) and will reinforce francophone owners of businesses within the manufacturing sector. (Lévesque, 2004, p.3, Author’s translation\textsuperscript{6})

The new PLQ government also supported industrial diversification and large business creation. In Quebec, regional development represented an essential part of the industrial policies. In fact, it is during the 1960s that the first policies regarding regional development began in Quebec and in Canada. The aim of these policies was to fight inequality between regions within the provinces. Government wanted to polarise the development of regions around ‘growth poles’. These would be developed around natural resources and infrastructures:

With this aim, they (policies of regional development) favoured the investment in infrastructures and natural resources, the urbanisation, the creation of regional poles, even growth poles, even if that meant closing rural municipalities where the agricultural potential was limited. As economic development was intended to arrive from outside (…), there was a need to make the region as attractive as possible for enterprises (Lévesque, 2004, p. 4, Author’s translation).

Accordingly, Montreal was seen as one of these growth poles and identified within a broader strategy for regional economic development. But it was also believed that Montreal was already established as a growth pole and that the other regions of Quebec needed to catch up. As a result, regional development in Quebec at the time did not include significant initiatives for Montreal.

As seen previously, the Quiet Revolution during the early 1960s sought to increase the economic share for the French Quebecois to a certain extent. In 1965, five years following the beginning of the Quiet Revolution, the Royal Commission on Bilingualism and Biculturalism was commissioned by the Canadian federal government. Its aim was to address the issues associated with French-English relations in Canada. Its findings revealed a persistent economic inequality between the two ethnic groups particularly visible in the province of Quebec. It is in the midst of these findings and the results of other circumstances that a separatist movement emerged in the province. This

\textsuperscript{5} First created as a private-public partnership, it became a state-run society in 1972 and continued to operate in 2010. In certain cases, the SGF helped to prevent foreign investors from buying out Quebec owned companies.

\textsuperscript{6} Several documents consulted were in French. The author of this thesis was responsible for the translation of the documents. The interviews were also conducted in French and translated by the author.
movement believed that the only way Quebec could develop under its own terms was by achieving greater autonomy from Canada:

This data provided "lessons" and conclusions for those who looked at them, especially the political elite in Quebec. For some the data demonstrated the very real economic effects of the minority status of French language and culture in Canada. That economic inequality was greatest in Québec - the predominantly French province - was especially shocking. And for some the data led to an additional conclusion that political and social reforms under-taken by the provincial government would have little impact on the economic position of French Quebecers without achieving greater autonomy for Quebec, either within or outside Confederation (Fenwick, 1981, p.208).

The necessity to protect French language and culture and to obtain fiscal autonomy was part of the motivation behind Quebec's separatist movement. In 1968, a formal provincial party for Quebec independence was formed, Le Parti Québécois (PQ). The party aimed to create a separate country for the people of Quebec by holding a political referendum in the province. The PQ first gained power in 1976 and by 1977 the party passed Bill 101, Quebec’s charter of French language.

The primary motivation behind Bill 101 was to protect the French Language, and by the same token the French culture. The bill established French as the sole official language of the province and thus of business in the province and all public institutions. The bill also sought new immigrant enrolment in French schools. For new immigrants the English language was a preferred option over French. This included attending English schools despite their non-English background (Bélanger, 2002), with the result being a rise in English schools and a decline in French schools.

Bill 101 defined the linguistic primacy of French in Quebec and aimed to enforce French as the common public language:

It made French the official language of the state and of the courts in the province of Québec, as well as making it the normal and habitual language of the workplace, of instruction, of communications, of commerce and of business. Education in French became compulsory for immigrants, even those from other Canadian provinces, unless a "reciprocal agreement" existed between Quebec and that province (the so-called Quebec clause) (Hudon, n.d, n.p.).

After this controversial bill was passed, work and school became French environments. An example of this included the signs and services provided by shops and restaurants which were legally required to be in French. The effect of this Bill was mostly felt in Montreal were the majority of Anglophones and immigrants lived. This bill was still in place in 2010.

4.1.2 Montreal as a centre for La Franconphonie

The Quiet revolution marked a significant period of development in Montreal. It represented a cultural explosion alleviating artists previously denied their freedom of expression. This denial is
portrayed in the *Refus Global manifesto* which highlighted the need for renewal of the Québécois culture, the creation of a modern society open to the world. There was a particular energy in Montreal as the majority of French TV channels, cultural production companies, editing houses and four universities were located there:

The rise of a new kind of French Canadian nationalism in the 1960s, one interested in taking on all the trappings and responsibilities of the modern nation and state, pressed both city and provincial elites to look for external validation of their identity. (Paul, 2005, p.579)

In the search for external validation, Montreal implemented a series of initiatives that promoted large infrastructure projects: the construction of a subway system, the re-alignment of the city centre’s highway structures, the construction of the Place Ville Marie, Place Bonaventure, Place des Arts, the creation of manmade islands within the St. Lawrence River and the Olympic Stadium. During the same period, Montreal also played host to the Universal Exposition of 1967, the Summer Olympic Games of 1976 and a large number of international festivals. The infrastructure development and international events contributed in opening Montreal to the world and its affirmation as one of the largest cities of the *Francophonie* despite the economic legacy left behind by these projects, in particular by the Olympic Games.

The separatist movement began to manifest itself within the local community groups extending outside of provincial politics. However, October 1970 also marked a black period in the separatist movement known as the *Crise d’Octobre* or October Crises. The death of a Quebec minister and the kidnapping of a British diplomat was one event that significantly affected Montreal, raising further tension between the Anglophone and Francophone populations. With this event, the election of the PQ and the subsequent French priority Bill 101, motivated a significant part of Montreal’s Anglophone economic elite to migrate out of Quebec.

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7 The *Refus Global* is a manifesto put together by intellectuals and artists expressing their suppression from the Catholic Church and the current government. The Manifesto ‘challenges traditional values of Québec’ but also fostered an opening-up of Quebec society to international thought. The manifesto advocated a strong need for liberation, if not “resplendent anarchy,” and anticipated the coming of a “new collective hope”.

8 Expo 67, a universal and international exhibition on the ‘vision of the future’ receiving more than 50 million visitors (CBC, website) in 6 months. It was the most visited exposition of all time with approximately 120 governments and thousands of expositions within 60 pavilions built for the event, most of whom have since been dismantled.

9 After Paris, Montreal is the largest French speaking city.

10 The construction of the Olympic Games facilities, including the Olympic Stadium, left the city of Montreal with significant dept that took over 30 years to repay.

11 The *Crise d’Octobre* took place in October of 1970 in Montreal when a radical separatist group called the *Front de liberation du Québec* kidnapped a British diplomat and the Minister of *Travail Québécois*, the latter of whom was executed.
4.1.3 Metropolitan political arrangements

During the 1960s and 1970s a series of commissions\textsuperscript{12} were held raising issues and ideas concerning Montreal’s governance, initiated primarily by the provincial government. Plans regarding the issue of urban sprawl, the possibility of amalgamating the municipalities and the creation of a Greater Montreal Regional Agency were developed. From this movement came the famous slogan \textit{une île, une ville} or ‘one island, one city’. This slogan was subsequently used many times to promote the amalgamation of all the municipalities on the island of Montreal. Although no attempt was made at the time to engage municipalities on the island in a major amalgamation process, the provincial government did force in 1966 the amalgamation of fourteen municipalities within Laval\textsuperscript{13}, an outer skirt suburb of Montreal.

From all the discussions occurring at the time a few initiatives took shape. First, the provincial government created new administrative regions across the province which all government departments would follow. Prior to the establishment of provincial administrative regions in Quebec, the various government departments were responsible for identifying their own regional divisions:

This regionalisation supported a sectarian vision reproducing the ministerial folders at a regional level: cultural council, leisure council, tourism council, environment council, etc. Hence the expression ‘functional regionalisation’ (Morin, 1998; quoted by Ninacs, 2002, p.44. Author’s translation)

A Conseil Regional de Développement (CRD) was created by the provincial government within most administrative regions. These regional councils lead consultation within their region and inform the provincial government regarding regional needs and issues (Tremblay & Fontan, 1997). Originally, the administrative region of Montreal incorporated a vast geographical area extending west to the Ontario border, south and east to the American border, and north to Mont-Tremblant. This region was later divided into three and then five administrative regions. However, they were never developed to encompass the metropolitan region of Montreal as a whole. Rather, the subsequent divisions cut and divided the metropolitan region of Montreal with areas of it falling under different administrative regions. In fact, the metropolitan region as it is understood in 2010 comprised two administrative regions, Montreal and Laval and three sections of other administrative regions; Laurentides, Lanaudière and Montérégie. As a consequence, the administrative region of Montreal and the metropolitan region of Montreal do not cover the same territory.

\textsuperscript{12}The Paquette Commission of 1955, the Croteau Commission of 1958, the Montreal Metropolitan Commission of 1959, the Blier Commission of 1964, to name only a few.

\textsuperscript{13}Laval is a suburb north of Montreal located on an adjacent island.
In 1967, the provincial government created the provincial organisation Office de Planification et de développement du Québec (OPDQ), which held social and economic management roles intended to support regional projects (Fischler & Wholfe, 2000). The OPDQ was responsible for gathering data and providing forecasting and analytical services, but had no powers of implementation. Their mandate was to collaborate with the CRDs\(^\text{14}\).

In 1970, the Communauté urbaine de Montréal was established to provide services on the island of Montreal. It was financed and managed by the municipalities of the island. The new agency became responsible for the administration of police, real estate, water, sewerage, garbage collection, planning and public transportation. This new agency allowed a better sharing of the tax burden. Finally, in 1976 le Parti Québécois passed major reforms by creating the Municipalités Régionales de Contés (MRC) or Regional County Municipalities. This reform essentially forced or strongly encouraged partnerships between municipalities for the delivery of certain services:

To this end, municipalities grouped themselves together to form MRC’s using as a criterion the notion of affinity – whether in terms of work, school or recreation--,(..) This process was gradually achieved through consultation and negotiation until the 1500 municipalities of Québec were grouped into 93 MRCs (Fischler & Wholfe, 2000, p.101).

In the Montreal metropolitan region, 12 MRCs were created.

4.1.4 Fordism crises

Following the Second World War, Montreal experienced population growth from the post war baby boom and from migration. At the same time Montreal experienced a surge in its economy with an increase in local consumption, construction and private investments (Lintreau, 1992). This period of expansion lasted until the mid 1960s, when the effects of economic restructuring began to be significantly felt.

During the 1960s Montreal’s economy relied significantly on the manufacturing and transportation sectors and on a concentration of big enterprises’ head offices. By the 1970s, these three pillars began to show signs of ageing, with some elements moving to other cities (Tremblay & Fontan, 1994). As was the case with many other major centres in North America, Montreal suffered from a restructuring of its economy.

In the transportation sector, Tremblay and Fontan (1994) demonstrated how coastal and rail transportation had become less important to Montreal’s economy. This was observed during the 1980s when employment in Montreal’s port dropped by 30%. In addition, Montreal’s aeronautics

\(^{14}\) No CRD was initially established for Montreal.
industry had partly moved to the suburbs and out of the region altogether to the benefit of Toronto. This move was encouraged by the federal government as it awarded a large number of landing rights to the Ontarian government. The decline in Montreal’s transportation sector ultimately led Montreal to lose its title as Canada’s gateway to the world.

Further losses were seen when corporate head offices moved from Montreal to Toronto, as reported by Tremblay and Fontan (1994). This movement is explained by political and economic reasons. First, a general displacement of the centre of growth from east to west was affecting North America.\(^\text{15}\) Second, the election of the separatist political party in Quebec combined with the new French language priority bill, encouraged companies and individuals to move to a more stable political climate. Tremblay and Fontan (1994) reported that “(N)umbers are clear: in 1952, Montreal counted 20% more head offices than Toronto, compared with today where Montreal has 80% less” (Tremblay & Fontan, 1994, p. 490, Author’s translation).

Amongst all the sectors affected by the economic restructuring, Montreal’s industrial sector suffered most. Industries were moving from Montreal to its suburbs and further away still. Many factors have been discussed to identify the cause of this shift. Tremblay and Fontan (1994) argued that cheaper land and lower taxes in the suburbs, as well as the non-contaminated industrial land, attracted the manufacturing industry. Other factors also encouraged this movement including transportation congestion and difficult access to the city centre. Furthermore, new industries and technologies had difficulty adapting to the old infrastructure of the city’s traditional manufacturing sectors in food production, textile, and clothing (Thibodeau, Pontbriand & Martineau, 1986 cited in Lemelin & Morin, 1991). From 1961 to 1976 the City of Montreal lost 11,500 jobs in the industrial sector (Piche, 1998) and from 1975 to 1986, 16,000 jobs in the textile sector (Tremblay & Fontan, 1994).

**4.1.5 Community organisations**

The Comités Citoyens or Citizen Committees were the main organisational structures of the popular movement in Montreal from 1963 to 1969 (Bélanger & Lévesque, 1992). These committees were heavily involved in public demonstrations, first appearing in the working class districts of Southwest Montreal of St. Henri and Pointe-St-Charles (Fortin, 1991). During the mid to late 1960s Montreal was still experiencing its post war growth; however, the new wealth improving living conditions was unequally distributed across the population of the metropolitan area (Bélanger & Lévesque, 1992). Citizen Committees believed that the solution to the challenges

\(^{15}\) A theory that explains that the economic centre of North America situated in the east is moving towards emerging Asian markets, toward the west of North America. Thus, explaining the growth of cities such as Los Angeles and Vancouver.

Citizen Committees aimed to ensure human dignity was respected within their districts. They advocated for the continuation of the welfare state and focused on articulating public examples of poor living conditions in their districts, including poor housing and schools. These committees requested consultation about any decision regarding the living environment or services in their territory. The Provincial and Federal Government supported their actions in various ways. Between 1963 and 1968, nearly 25 of these committees were created within the Montreal region.

The 1970s are often remembered as the Golden Age in community movement in Montreal (Favreau, 1999). Citizen committees were perceived as waiting for governments to make changes and the need for new initiatives emerged. As a result, two spheres of action arose; political actions and community service delivery actions. The political actions resulted in a number of citizen committees being transformed into Comité d’action politique (CAP), or committees of political action. The CAPs grouped together and formed the municipal political party, Front d’action politique (FRAP). The main objective in FRAP was to install a popular democracy within Montreal and defend the interests of the working class.

Within the sphere of community service delivery, several initiatives emerged; community juridical services, food cooperatives and community housing (Léonard & Hamel, 1978). Through these initiatives, citizens could try and solve the problems of their district on their own rather than placing demands on the state to obtain services (McGraw 1978 cited in Bélanger & Lévesque, 1992). Most community service delivery groups were self-managed by volunteers and their numbers grew fast. In 1973 and 1974, Godbout and Collin (1975) counted at least 138 of such groups acting in the Montreal region.

Amongst these services, community health clinics were particularly interesting as they exemplified the ideals of this new generation of service delivery groups (Bélanger & Lévesque, 1992). They questioned the individualised approach to public healthcare services and linked together

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16 The provincial government created an agency for social animation and the federal government created an agency called the Companie des jeunes canadiens (Léonard et Hamel; 1978).

17 As of 2010 all of but a few have disappeared.
community health with living conditions. Unemployment, low revenue, poor housing, pollution and a lack of collective leisure equipment were identified as factors generating major health problems within a community (Boivin, 1988 cited in Bélanger & Lévesque, 1992). Doctors and medical students shared this point of view and many volunteered in community health clinics. These specialists did not hesitate to share their knowledge and recruited paramedical staff to citizens’ committees. Initially, four clinics were created in Saint-Jacques, Pointe-Sainte-Charles, Saint Henri and Centre-Ville, each taking the shape of cooperatives. These clinics were then institutionalised over the entire province of Quebec under the name Centre local de services communautaires (CLSC), local community health service centres. In Petite Bourgonne and Pointe Saint Charles, there was also the establishment of a juridical clinic providing legal support and services. These clinics were later institutionalised by the provincial government across the province.

The work and demands from community groups were not uniform in regards to their philosophical backgrounds. Some groups wanted the continuation of the welfare state and provincial government-controlled initiatives, while others, like those involved in providing alternative services, questioned the management of government’s services and the centralised control. The second group saw itself as an alternative option to the current system; a form of social compromise.


4.2 Pattern Two: Initiation and institutionalisation of LED (1980-2000)

In the early 1980s, Montreal’s position as the main financial centre of Canada had long been surpassed by Toronto, though it remained an important hub in North America. As a consequence of the Quiet Revolution and the creation of the Bill 101, a new French business class had emerged in Montreal. The metropolitan region had become the Francophone centre of the country and the seat of Francophone economic power.

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18 CLSCs are well known across the province of Québec for their contribution to communities and are still part of community life in 2010 under the name of CSSS.
Prior to the 1980s, however, Montreal experienced a period of demographic stagnation, a trend that was most evident during the 1970s. This trend coincided with the end of the baby boom around 1967. Stagnation was further reinforced by the slowdown of rural migration to the city and the departure of migrants to Toronto (Linteau, 1992). By 1981, the metropolitan area represented 44% of the Quebec’s provincial population (Linteau, 1992). The city centre of Montreal itself was experiencing a decline in its population lasting 15 years when the city’s initiation rate dropped below its death rate. Conversely the suburbs on the island and off the island of Montreal experienced growth. The migration of middle class Francophones from the city to the suburbs was a significant factor. The urban sprawl, including the migration of population and businesses, was having two effects for the Metropolitan region. These were the degeneration of the city centre in Montreal proper, and the explosion of suburbs around Montreal which until then had been mainly considered as dormitory Cities.

Despite a declining population throughout the 1970s Montreal continued to develop as a cosmopolitan region accepting immigrants from Europe and beyond.\(^{19}\) By 1980 African, Asian, Caribbean, Latin American and Middle Eastern people already formed the international mosaic of Montreal.

The introduction of the new school system during the Quiet Revolution, standardising the education system, combined with the concurrent wave of immigration, and the language restrictions of Bill 101 impacted on the schools and led to multi-ethnic classrooms. As a consequence of Bill 101, French had become the language for learning and work resulting in an increase in the rate of bilingualism in Montreal (Linteau, 1992).

Employment within the manufacturing sector decreased in older industrial districts and increased in the service industry. However, the trade-off between manufacturing losses and service industry gains was not directly comparable as many jobs within the service industry offered lower incomes, were often unstable, short term in nature and tended to provide precarious working conditions (Tremblay & Fontan, 1997). The situation appeared more favourable in suburbs where new industries were developing.

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\(^{19}\) In 1960, the federal government of Canada opened its borders to increased European immigration. In 1970 Quebec obtained the right to favor francophone immigrants into the province.
4.2.1 Canadian constitution and Quebec’s place

The 1980s and 1990s were important years in defining the Canadian constitution and placing the Quebec-Canada relationship under a spotlight.20 A new constitution was developed at this time defining Canada as a country and establishing common values of what it meant to be Canadian. Intense negotiations between the federal government and the provinces took place with negotiations between Quebec and the rest of Canada proving especially difficult. Quebec sought a redistribution of power from the federal government towards the provinces and wanted recognition of Quebec’s special status within the federation (Burgess, 1993). As negotiations stalled under Quebec’s demands, the Liberal federal government at the time agreed on the components of the Constitution with all other provinces excluding Quebec and repatriated the constitution without Quebec’s consent. Under the new Canadian Constitution, Quebec lost its veto vote over constitutional amendments as all provinces were intended to be treated equally. The repatriation of the Canadian Constitution in 1982 without Quebec consent was perceived by many as a betrayal to the province and its people. The failure to reach agreement with Quebec amplified this sentiment as exemplified by the Meech Lake Accord21 in 1987 and the Charlottetown Constitutional Agreement, 199222. According to Burgess (1993) the series of constitutional pitfalls polarised the positions. Quebec had still not signed the Canadian Constitution in 2010.

The separatist movement culminated in a 1980 referendum initiated by the then provincial government PQ. The 1980 referendum was the first attempt aimed at asking the Quebeccois people if Quebec should become a sovereign nation separate from Canada. The proposition was defeated by 59.56% to 40.44%23. Quebec’s sovereignty movement reached its peak in 1995 with

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20 The Canadian Constitution remained in Great Britain. The federal government began negotiations with provinces for the terms of its patriation to Canada.
21 This Accord between Quebec and the new conservative federal government contained an agreement on how to amend the constitution in order for Quebec to sign it. The Accord favored the:
   - recognition of Quebec with its francophone majority as a distinct society, within Canada, together with a corresponding recognition of the anglophone minority in that province and of the French-speaking minorities elsewhere in Canada; the restoration of Quebec's veto over major constitutional amendments; enhanced status for Quebec's role in immigration policy, firm limits to be placed upon the federal spending power in areas of exclusive provincial jurisdiction; and the constitutional entrenchment of Quebec representation in the Supreme Court. (Burgess, 1993)
   However the accord failed as it never garnered general consensus amongst the other provincial legislatures which were required to amend the Canadian Constitution. After the failure of the Accord, a Quebec Provincial survey registered over 60% in favour for Quebec 'sovereignty'
22 The last attempt in 1992 to acquire consensus from across Canada also failed and is known as the Charlottetown Constitutional Agreement. It should be noted that the constitution, which had governed Canada since 1982, was never ratified by the Quebec people or by successive Quebec governments neither federalist nor sovereignist, and remains unsigned by Quebec in 2010.
23 The creation of the Bloc Quebecois in 1991 was yet another example of Quebec's strengthening separatist movement. The introduction of a federal party favouring Quebec sovereignty quickly became the leading federal party in Quebec. Representing exclusively Quebec constituents, the Bloc Quebecois is unable to achieve a majority of parliamentary seats to form a government in
its second and most recent referendum resulting in a marginal defeat of 50.6% to 49.4% in favour of remaining a province of Canada. This strong endorsement of sovereignty was certainly boosted by the incapacity to find an agreement regarding the place of Quebec within the Canadian Constitution.

4.2.2 International trade, new technologies and cluster development

By the end of the 1970s the province of Quebec in general experienced the transition into post Fordism mode of production. This new mode of production placed emphasis on smaller and more flexible facilities:

Technological change in production has made it possible to lower the efficient scale of production—that production at which all significant economies of scale can be gained—so that, for example, steel can now be made in mini-mills rather than in enormous ‘Fordist’ production centres of Pittsburgh, Gary and Hamilton. (Kresl & Proulx, 2000, p.2)

Within a period of ten years between 1979 and 1988, Quebec witnessed a growth in the number of small to medium enterprises (SMEs) from 5,045 to 24,455. The number of SMEs operating in the province represented 45% of the provincial workforce, the highest proportion in Canada. Apart from changes in production another phenomenon began impacting the North American economy, the integration of global markets.

During the 1950s, Canadian merchandise exports accounted for 20% of the country’s GDP. In 1997, it accounted for 38% (Polèse, 2000). The pace of economic integration accelerated in the 1990s with the Canadian-USA Free Trade Agreement and shortly after the North American Free Trade Agreement (NAFTA) which included Mexico. For Canada, the most significant increase of economic integration has been with the United States. Before the Second World War Canada’s most important trading relationship was with Britain and the Commonwealth. By the end of the 1990s, this had changed for the USA which was importing over 80% of Canadian exports (Polèse, 2000). The NAFTA agreement emphasised the north-south trade flows.

The worldwide liberation of trade had not only opened new markets but also new competitors from North America, Europe, Asia, and Latin America (Kresl & Proulx, 2000).

From 1980 international market expansion and new technology investment were becoming central to provincial strategies of development24 (Lévesque, 2004). To encourage new technology

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24 See the strategic documents Batir le Quebec and Le virage technologique.

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Canada. In 1993, however, the party successfully formed the official opposition to Canada’s liberal federal government. The Bloc Quebecois remains the leading federal party in Quebec in 2010.
sectors and international trade a variety of provincial government institutions and fiscal measures were created. This included the creation of the Department of Sciences and Technology and the Department of External Trade as well as the introduction of special tax treatment for expanding privileged sectors (Kresl & Proulx, 2000). By the commitment of resources, the provincial government supported activities and regions with high added value and potential to contest international markets. This focus favoured cities where most high value activities were located. As the economic crises affected the cities (and the rest of the province) it was believed that additional support was needed to ensure development. This support particularly targeted cities. The focus on solving regional inequality of the previous 20 years was now marginalised (Lévesque, 2004).

From 1990 the provincial government favoured an approach inspired by Porter for the development of industrial policies. This approach based on industrial clusters and was also encouraged by the OECD (Tremblay & Fontan, 1997). The government favoured synergy and integration within particularly high skilled industries, including aerospace, pharmaceutical and information technology. The provincial government played a guiding role and favoured networking between firms and actors of closely related sectors. For example, networks between universities and businesses were favoured.

The provincial government continued to play an important role in economic development particularly in financial investment. The Société Innovatech is a good example of government playing a role in the economy. In 1991, the provincial government presented a strategy based on four main axes of development: innovation, business modernisation, development of human resources and market exportation. The heart of the strategy was the Société Innovatech with a budget of 300 million dollars over a five year period with the directive to invest in high technology development sectors within the Metropolitan region of Montreal.

The provincial government and the private sector focused investment into a knowledge economy. Particular interest was placed on sectors with competitive advantages for market integration favoured Montreal directly now seen as the economic centre of the province.

It is also interesting to note that in 1986, prior to the provincial strategy the federal government published the Picard report, a strategy for development in the Montreal region. This report was the result of a consultative process among sixteen people issued from a variety of backgrounds:

The Committee then proposed a development strategy drawing on Montreal’s strengths and identified seven major pillars on which to base the revival of the city’s economy: international
activities, high technology, finance and international trade, design, cultural industries, tourism and transport (OECD, 2004, p.86).

This report was not followed by important investment but it set an ideological framework (Boudreau, 2006) and initiated thinking around industrial clusters in Montreal (OECD, 2004). It also influenced the government of Quebec to favour development of clusters within Montreal. An interesting point about the federal strategy is that it first focused solely on Montreal, recognising that as an urban region it had its own challenges and issues. However, the federal strategy also recognised that international cities were in competition with Montreal and that up till then the city had been neglected by the higher levels of government.

4.2.3 Regional development

The welfare state of the Quiet Revolution assumed a central role in financing, supervision, management and production of services (Favreau, 1999). With the effect of the economic crises of the 1980s and 1990s coupled with the effects of the economic restructuring, the provincial government could not afford to continue assuming all of these responsibilities. Significant poverty problems existed and the government was looking for new solutions to fight social exclusion.

From 1983 to 1991, the Quebec government initiated a series of socio-economic summits involving employers, cooperative movements and unions to establish a basis from which to plan together. The Conseils Régionaux de Développement (CRD) established during the 1970s assumed responsibility to follow-up on these summits. The CRD saw their responsibility grow from simple consultation toward favouring regional engagement. The socio-economic conferences constituted large exercises where regional actors generated regional priorities and identified development strategies and projects. The summits served as a basis for agreement with the provincial government to finance highlighted projects and programmes.

Later, in 1991, the provincial government presented the document D'évelopper les régions du Québec or Developing the regions of Quebec which included the new policies for regional development:

Development is considered as a global action that focuses not only on the economic aspect but also represents the result of the measure taken to improve the economic, social and cultural conditions that allow development (Tremblay & Fontan, 1997, p.240).

Within this strategy, the government considered regional councils as partners for regional development (Tremblay & Fontan, 1997) and as a consequence the CRD received a new mandate. Originally the CRD conserved its role coordinating regional engagements, and then assumed an administrative role in managing regional funds for development in partnership with the provincial
government. The new mandate included new responsibilities. These included identifying regional development priorities, providing advice to the provincial government and coordinating and following-up on development projects and programmes. Each CRD was made up of 20 to 50 members and included elected members, socio-economic actors and other representatives of groups of interest from the region. The government also dismantled the provincial organisation OPDQ during the same period.

The financing of regional development also evolved when the provincial government brought funding closer to the regions and their activities. The Regional Funds and the Société Innovatech were examples of this. Other specialised funds such as the FAMO\textsuperscript{25} were created to train and develop a skilled Labour force.

4.2.4 Urban degeneration versus technologic development

As with many other North American metropolitan regions during this time, Montreal was dealing with the effects of urban sprawl. The exodus of people from the City of Montreal to its suburbs had a profound effect on the structure and distribution of Montreal's population and economy.

Tremblay and Fontan (1997) reported that:

In 1971, 46% of the population within the Metropolitan region lived within the city. This proportion had fallen to 35.5% in 1981 and today the proportion represents barely one third of the metropolitan population. The region’s population however did not rise significantly during the same period remaining approximately three 3 million residents for the same Metropolitan area. It is rather a strong proportion of middle class households who have moved towards the suburbs (Tremblay & Fontan, 1997, p.488; Author’s translation).

The authors further argued that urban sprawl led to lost tax revenue for the City of Montreal and contributed to the degradation of the city's urban fabric with increased residential vacancies. The move of middle class households to the suburbs also contributed to a rise in the unemployment and poverty rates within various districts of the city. The subject of investing into those areas hardest hit became a central issue for Montreal:

Although experiencing a growth in investment in the metropolitan region of Montreal, there was a decrease within the city itself. This decrease represented a drop in residential, commercial, industrial and institutional investment in the city (central) representing 54% of Metropolitan investment in 1982 to 25% in 1990 (Tremblay & Fontan, 1997, p.489. Author’s translation).

\textsuperscript{25} Fonds d'adaptation de la main d'œuvre from the Société Québécoise de développement de la main d’œuvre.
The combination of urban sprawl with the de-industrialisation and tertiarisation of the economy led to a rise in unemployment and poverty in Montreal, particularly in old industrial districts. From 1981 to 1986 the unemployment rate in Montreal rose from 10.2% to 14% and the proportion of low income families rose from 22.9% to 26.0%. In 1994, following the early 1990’s recession, Tremblay and Fontan (1997) identified chronic unemployment as the biggest challenge facing Montreal with unemployment averaging 15-16%. Lemelin and Morin (1991) presented a geographical analysis of the poverty zones in Montreal. The graphical analysis highlighted the evolution of disparaging social characteristics in the city between 1981 and 1986. Figure 1 highlights the unemployment rate by Census Unit in 1981 and 1986. Figure 2 highlights the proportion of low income families during the same period. The Census Units with a darker colour indicate higher unemployment or a higher proportion of low income families. These figures show that poverty zones, which have been defined by the authors as having 20% of unemployment rate and 40% low income families, increased in number between 1981 and 1986.

These figures show the ‘T’26 of Poverty enlarged during this period. Traditionally the ‘T’ encompassed the districts of Villeray, Parc-Extension, Petite-Patrie, Saint-Louis, Plateau Mont-Royal, Centre-Sud, Hochelaga-Maisonneuve, Centre-Ville, Pointe Saint-Charles, Saint-Henri, Ville-Emard and Côte-Saint-Paul. By 1986 it grew to encompass three more districts of Saint-Michel, Rosemont and Côte-des-Neiges.

26 The geographic distribution of relatively high level of poverty in Montreal is usually recognised as having a ‘T’ shape which evolved into a ‘S’ shape in the 1990s.
Although the overall socio-economic profile of these districts differed, Lemelin and Morin (1991) identified a series of common social characteristics shared between the districts linked to increased poverty. These characteristics included relatively high rates of people living alone, relatively high rates of single-parent families, relatively low percentages of children enrolled in full-time education, high unemployment rates and high rates of individuals working in the manufacturing sector (production and consumption services). It also included a large ethnic population particularly within the districts of the Parc-Extension, St-Michel, Centre-Ville and Côtes-des-Neiges.

Meanwhile the suburbs were demonstrating much healthier conditions than the inner city of Montreal. For example, the population of Laval grew 19% between 1986 and 1996 (Doloreux, 1999) welcoming new industrial development. In effect, the suburbs were experiencing opposite socio-economic trends to the central districts of Montreal.

4.2.5 Solutions from the community organisations and social actors

It is within these circumstances that local economic development arose from urban movements. From 1984 to 1986 community organisers and social actors created three Community Economic Development Corporations (CDECs) to fight poverty and unemployment in Montreal’s old industrial neighbourhoods. The director of CDEC RESO (2008), interviewed for this research, discussed that economic development was seen as a central tool to fight the poverty in a sustainable way:

It is all good to put a band-aid on the problem but if we want to have a sustainable impact to reconstruct the area, a community, we need to get involved in economic development. And this is how the first CDEC in urban area has been created. The PEP in 1984, thinking we needed to go further than answer the needs of first necessity, there was a need to develop the area, give it
back its dignity and put back people on the labour market, improve their skills and support companies to develop. (Director of CDEC RESO, 2008, Author’s translation)

These CDECs, generally referred to as the first generation of CDECs, were created within districts situated on the ‘T’ of poverty in Montreal: Pointe-St-Charles in 1984, Centre-Sud in 1985 and Hochelaga-Maisonneuve in 1985. They were developed in areas known for having a long history of community involvement and mobilisation (Collin & Godbout, 1975 and Favreau, 1999).

The provincial government supported the CDECs through the OPDQ with concern for Montreal’s unemployment and poverty. In an agreement with the OPDQ, the CDECs focused on improving the employability of the local population and supporting local entrepreneurship (Morin, 1994-1995). L’OPDQ provided subvention to the three CDECS in Pointe-St-Charles, Centre-Sud and Hochelaga-Maisonneuve to start their activities.27

Following the first generation of CDECs came the second generation of CDECs in Grand Plateau (1987), Villeray and Petite-Patrie (1988) and Rosemont (1989). Their creation was also led by community organisations; however they did not receive subventions from the OPDQ. The second generation CDECs received funding only through local support and community organisations. Between 1989 and 1990 their budget varied from $10,000 to $50,000 (CAD) (Morin, 1994-1995).

In 1990, the municipal administration of the City of Montreal officially began supporting the CDECs. The city administration concerned with unemployment had been leading and participating in a series of initiatives for economic revitalisation in the city since the late 1970s.

In 1990, the municipal administration demonstrated interest for local economic development through its action plan Partenaires dans le développement économique des quartiers. According to Morin (1995b) this plan contained four main points:

- Its commitment to support employment development was not only upon the ensemble of the territory but also on the local territories that constitute the administrative subdivisions; its recognitions of the community organisation as central actors within socio-economic development of the administrative subdivisions; its intention of mainly counting on (...) but on the CDECs for the engagement between local actors with the goal of promoting employment insertion and development on the labour market for the people excluded from it. (Morin, 1995b, p.29, Author’s translation)

27 The OPDQ supplied each CDEC in 1985 with a $200 000 budget and a $100 000 job creation fund over a 15 month period. To encourage the auto financing of the CDECs they only gave $150 000 in 1987-1988 and $125 000 in 1988-1989 but the provincial government, under the CDECs pressure, abandon this formula in 1989-1990 and gave $150 000 to each of them (Morin & Lemelin, 1991). All dollar amounts in Canadian.
The city committed $6 million (CAD) over 5 years to support the CDECs and local economic development initiatives. The investment from the municipal administration came with the stipulation that each CDEC operate within one of the city’s nine administrative subdivisions, one CDEC per subdivision. Finally, the plan asked the Provincial and Federal governments to contribute to the initiative. It was estimated by the City of Montreal that $75 million was needed to assist Montreal’s CDECs and local economic development.

In 1990 the federal, provincial and municipal governments committed to a five year pilot project, funding CDECs until 1995\(^\text{28}\). The CDECs were expected to encourage local engagement, the reintegration of the unemployed into the labour market and in assisting enterprises to maintain and create jobs. Seven CDECs directly benefited from the funding.

Following the end of the pilot project in the second half of the 1990s, a series of publications were completed assessing the experience of the CDECs. The sociologist Dr. Richard Morin (1994-1995) explained the main objective of the CDECs was employment. The CDECs focused on the insertion or reinsertion of unemployed into the labour market and favoured economic development within their territory to benefit the local population. He identified two areas within which the CDECs were particularly active: employability and enterprise support. In regards to employability, the CDECs focussed on the people and their accessibility to the labour market by offering referencing services, following up, providing job research support and training for the unemployed.

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\(^{28}\) From 1990, CDECs have been financed by the OPDQ. The City of Montréal contributed to the development of community businesses with $6 million over five years. (Bouchard, Levesque, St Pierre, 2005)
Morin (1994-1995) highlighted the fact that the CDECs varied from one to another in how they offered their services. Some CDECs focused their initiatives on particular target groups that faced difficulties while another offered services to everyone. Other CDECs promoted their territory, collaborated with governments for the assistance of businesses and developed projects related to their territory. Particular examples included the revitalisation of the agro-alimentary sector and the implementation of recycling businesses. Morin (1994-1995) also believed that the approach taken by CDECs did not always lay out a clear position or a set of values. Actions varied according to the state of development of the CDEC, the characteristics of the local population, the dynamic of the local population and the government programmes that they used to finance their projects.

An innovative aspect of Montreal CDECs was their governance structure. CDECs were structured around a general assembly and an administrative board. The participation of the local population was primarily captured within the general assembly with one or two assemblies a year. The level of mobilisation of the local people for the general assembly was not standard from one CDEC to another. The CDEC RESO, for example, attracted 300 members to its 1993 general assembly while the CDEC Côte-Des-Neiges/Notre-Dame-De-Grâce attracted about 40 members. The territorial boundaries imposed by the City of Montreal based on its subdivision was, according to Morin (1994-1995), too large, populous and too heterogeneous to favour a sense of belonging and participation. The administrative board was composed of 13 to 22 representatives from community organisations, the business community and unions. The founding agencies, which were mainly the three levels of government, were not represented on this board. They were considered as vertical partners and as such they did not intervene in the horizontal partnership.

In the review undertaken by the founding agencies in 1993-1994, at the end of the pilot project, the representatives of the three levels of government recommended the renewal of the financing for another five years and more flexibility in the managing of the resources to respond more appropriately to the needs of the subdivision. Around the same period, the provincial government began to significantly recognise the contribution community groups made to civil society. With the adoption of Bill 120 in 1991, the provincial government was recognising the community movement within the health and social services sector. Through the creation of regional health and social services boards across the province, Bill 120 made it clear that community groups had to be involved in the strategic orientation and development of these regional entities. In addition, the provincial government reserved 20% of the regional boards of directors’ seats for community organisation representatives (Caillouette, 2004, p.5).
Amongst all the projects and initiatives from the CDECs and CLDs, the Angus Shops story is often reserved as an example of success when considering social mobilisation and urban regeneration. The Angus Shops, once a manufacturing plant of locomotives and railcars for the Canadian Pacific Railway, operated from 1904 to 1994. During its peak in the post World War II period the shops employed 6,000 people. By its end, only 1,000 employees remained before its closure. This was a significant symbol of the end of the industrial revolution.

With the closure of the shops, the Canadian Pacific (CP) Railway planned to build a residential complex on the land to replace the industry. However, the CDEC Rosemont/ La Petite-Patrie preferred to develop an industrial revitalisation project aimed at creating jobs for local residents. To succeed with the residential complex, CP requested that the City of Montreal change the zone regulations of the closed plant from industrial to residential/commercial use. In response to this request, the local CDEC mobilised enough local actors against the project to the point where the city would not make a decision on the matter. The two parties were required to find a compromise. Both the CP and the CDEC devised a plan to sub-divide the land into two parts; a section of land for the CP project, and a section of land for a CDEC-endorsed technology park. The Technopôle Angus is a Science and Technology Park located in Montreal with a focus on biotechnology, particularly concentrating on bone diseases, aging-related diseases and respiratory ailments. The Technopôle is well known for its sustainable focus. Apart from being a business success and promoting green design infrastructures with eco-friendly building and waste management, the Technopôle Angus has basic values of maintaining privileged ties with the local community and creating jobs for the local population. From the development phase of the Technopôle Angus in 1995 there has always been a community engagement focus.

Other significant funding was attributed by other social groups to address local unemployment. For example, the Fonds de solidarité des travailleurs du Québec (FSTQ) was created by the union Fédération des travailleurs du Québec (FTQ). As the unemployment situation worsened at the beginning of the 1980s, the FTQ was proactive in creating funds for the development of businesses and activities to provide employment. Since its creation in 1983, the FSTQ has invested in Quebec enterprises and provided services to create, maintain and sustain jobs in Quebec. The organisation has also provided a series of other services including raising awareness amongst workers on how to save money for their retirement. Finally, the Société locale d’investissement dans le développement de l’emploi (SOLIDE) was born from the process of decentralisation of funds from provincial government towards local partners (Malo & Moreau, 1999). These funds were also managed by local entities (CLDs and CDECs).
Local economic development from the mid 1980s was recognised as an important component of economic development by the various levels of government.

4.2.6 Further institutionalisation and the social economy

By the end of the 1990s, the provincial government of Quebec had created the Centre Locaux de Développement (CLD) or Centres for Local Development through the Politique de soutien au développement local et régional. Some would say it was in reaction to the creation of the Société d’aide au développement des collectivités (SADC) by the Federal government in 1995.

It was Guy Chevrette, at the time, a Minister of the Parti Québécois, who put in place the CLD in 1998. It was a lot in response to the federal government who went in regions and implemented the SADC. At the time they said: ‘you come and play in our playground of provincial government of Quebec’. Then Guy Chevrette and the provincial government put in place the CLD. (…) It was the good years of the CLD mandate because there was provincial government priorities, large ones, in fact large orientations and it was let to the local to care and decide its own programs within these orientations (Director of CDEC of Rosemont-Petite-Patrie, 2008. Author’s translation).

The SADCs were established to support the development of rural and semi-rural communities and were probably seen as interfering in provincial responsibility. In response, the provincial government created the CLDs. The CLDs, which included urban districts, were implemented across the province and were inspired by the CDECs29 (Corneau et al., 2001 cited in Fontan et al., 2003). Similar to the CDECs, the CLDs have a board of directors formed by local actors.

The provincial government and the City of Montreal agreed to create a single CLD for the whole of Montreal. Each of the city’s CDECs would receive their mandate from Montreal’s CLD. However, Montreal’s CLD became somewhat of a virtual entity, eventually comprising bi-annual meetings of the city’s CDECs to approve the decisions made by the CDECs. As a result, the collaboration with the municipal authority was very thin (Director of CDEC RESO, 2008).

Almost in parallel to the CLDs development in Quebec there was the movement for social economy development in the province. This movement influenced the mandate developed for the CLD as it included supporting businesses involved in the social economy.

Social economy took its first step in Quebec during a public march in 1995 for women and poverty. During this event, the campaigners proposed social infrastructures that would help facilitate more women in the work force:

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29 And also from Community Future, an organisation financed by the federal government implemented in rural areas.
First, a massive increase (for instance) in early childhood day care would make it possible to meet the needs of parents, particularly women, who were not free to work without such services. Second, the development of socially useful services would create jobs for women: the social services, services for children and the elderly, and education services are all jobs sectors where women dominate (Caillouette, 2004, p.7).

Community groups actively participated in the 1996 Economy and Employment Summit organised by the provincial government. In preparation for the summit, a working group was established to assess “different employment potentials that should be developed in the framework of a socially-oriented economy” (Caillouette, 2004, p.7). The group was later transformed into an independent non-profit organisation called the Social Economy Project. The new group now serves to promote and develop the social economy within the province. Between 1996 and 2003, the provincial government adopted a set of new social policies proving highly popular in Quebec. One such policy was a universal childcare system implemented across the province, a programme unique in North America. In these government-subsidised care facilities parents paid $5 per day for childcare.

The CLDs developed a social economy mandate, but this mandate appeared narrow. D'Amours (2002) explained that although the definition of social development employed by the government remained large, the application of it through the CLDs was restricted to entrepreneurial aspects. It focused on encouraging only businesses involved within the social economy as opposed to structuring projects (D’Amours, 2002). By 1999, 56 CLDs operated across Quebec. Fontan et al. (2003) believed that through institutionalisation CDECs could gain greater recognition and financing. However, the authors also mentioned that CDECs lost part of their role concerning employability with the creation of the Centres locaux d’emplois (CLE).

For each CLD the government of Quebec created a CLE, a Local Centre for Employment. The CLEs offered training and favoured employability and professional insertion. The CLDs were intended to provide advice and work in partnership with the CLEs on a Local Action Plan for Economy and Employment (PALEE). This meant that the CLD mandate no longer was concerned with employment as the CLE now took over this responsibility. CDECs, lost part of their funding in consequence leading to a CLD mandate focussing on businesses development. Fontan et al. (2003), believed that the economic mandate thus became more important than the social one (p.67).

In 2000, eight CDECs were operating within the City of Montreal and an additional three in municipalities located on the island outside the City of Montreal boundaries. In addition, numerous other CLDs were created on the island and within Montreal’s suburbs off the island. These suburban CLDs dedicated more energy to private businesses than the social economy,
showing less concern than the CDECs for making a connection between economic and social development (Silvestro, 2001).

In Laval, the amalgamation of 1965 resulted in local councils merging into a single super council governing the same territory area as the regional CRD of Laval also covered by the MRC. With amalgamation came the loss of local governance. The CRD, received the CLD mandate and the administration was given to Laval Technopole, an economic development agency covering all of Laval. First developed in 1985 as the Corporation of Economic Development for Laval (CODEL), its mandate was to ensure coherence between economic development projects but quickly became involved within the high technology sector and in particular the pharmaceutical and biotechnology industries. In 1995, the CODEL changed its name for Laval Technopole highlighting the focus of the organisation in its strategy for economic development. Laval is one territory that has benefited significantly from urban sprawl but its successes can also be attributed to its growth in the knowledge economy.

According to the director of CDEC RESO (2008) interviewed for this research CLDs took the colour of the local dynamics:

The CLD is a structure put in place by the government, a public reform, and implemented wall to wall centers for development within the ensemble of Quebec. (...) Where there is and was already a dynamic favorable to the participation CLD took that color, but where it was always the elite who directed the agency for economic development, the CLD took the color of this area (Director of CDEC RESO, 2008).

4.2.7 First steps towards a metropolitan leadership

In addition to identifying the importance of developing clusters within the Montreal’s knowledge economy, both the provincial and federal governments shared the opinion that there were governance issues within the metropolitan region. Both governments agreed on the need for a metropolitan authority responsible for areas such as planning and coordinating transportation and economic development areas for Montreal and environs. The current leadership of Montreal municipalities was, according to them, fragmented and in competition with each other. The creation of the Agence Métropolitaine de Transports de Montreal in 1995 was one of the first Metropolitan Governance entities with an independent source of income in Montreal. This organisation became responsible for planning public transportation for the Montreal metropolitan area (Fischler and Wolfe, 2000).

The establishment of Montreal International in 1996 was a first step in Montreal’s metropolitan economic development. Montreal International is an organisation promoting the internationalisation of Montreal as a metropolitan region. This public-private organisation was
supported by the three levels of government and by one hundred companies. Its mission was to ‘contribute to the economic development of Metropolitan Montreal and increase the region’s international status’ (Montreal International, 2008). The organisation looked for investor interests in the Montreal region and then once identified allowed the investor and municipalities to make a match (Kresl & Proulx, 2000).

Montreal International can be seen as a first step towards a new approach to economic development. Paul (2004) quoted the CEO of Montreal International clearly illustrating this new approach:

We are competing not only with other Canadian cities, but large American and European cities as well. We are in competition with the rest of the world….What I find exceptional is the work being done to recycle Montreal and reclaim its place as Canada’s leading city and to make a North American leader in the technologies. We owe this to the tenacity, ingenuity, determination and sheer hard work of young entrepreneurs who have seised every available opportunity. People should focus on this instead of longing for some perceived past glory that no longer exist. Again, it’s a matter of rolling up our sleeves and telling ourselves that we have done many things and will do more. The Montrealers of the past did not moan and groan; they built (Gravel, 1997a, pp. 12-13 cited in Paul, 2005).

This competitive approach promoted by the CEO of Montreal International is directly linked with the ideology of global cities, a phenomenon first described by sociologist Sassen in 1991.

The major municipal reform which took place in Ontario in 1994, particularly in Toronto, had certainly started to influence the thinking around what was possible for Montreal. The municipal amalgamation in Toronto created a new single-tier City of Toronto commonly referred to as the Mega-City (Siegel, 2005). This new Mega-City was meant to improve efficiency and global competitiveness in Toronto:

Throughout the process, the notion of efficiency dominated the discourse, at least from the province’s perspective. Indeed, the rationale for amalgamation stemmed largely from the belief that a larger city would be more efficient in terms of administrative cost and service delivery, and more globally competitive (Hanna & Walton-Roberts, 2004, p.49).

Perhaps, one of the most important goals of the amalgamation was the objective of reducing taxes. This idea is complementary to the discourse of global competitiveness as low taxes attract international businesses (Siegel, 2005). Through amalgamation, substantial savings in service delivery, administrative costs and reduction of politicians and bureaucracy would be achieved and thus allow the City of Toronto to decrease its taxes.
4.3 Pattern Three: Governance and local economic development (2000-2010)

The economic and political struggle of the French Quebecois identified in the 1960s by the Federal Royal Commission has all but disappeared. Quebec society has truly developed its own identity and voice demonstrated through its strong civil action and community organisations. Many groups and organisations strongly lobby the federal government to adopt progressive policies and legislation on various issues, from the recognition of gay marriage to the ratification of the Kyoto Accord. Citizens from Quebec demonstrated this again by showing one of the world’s largest oppositions to the Iraq war, pressuring the Canadian government to stay out of it. According to Simenon and Turgeon (2006), the federal government has provided the Canadian provinces with some of the most extensive fiscal and legislative powers amongst small nations around the world which are not independent.

According to the 2001 population census of Statistics Canada, the metropolitan region of Montreal had a population of 3,451,027 representing 48% of the Quebec population. According to Stolarick, Florida, and Musante (2005), Montreal’s population density ranked third amongst the most populous metropolitan areas of the USA and Canada. However, according to the same census, its population growth was slower than the rest of Canada’s major cities with an increase of 2.1 % between 1996 and 2001, half of which was attributed to international migration.

By 2001, 18.4% of the Montreal’s metropolitan population was recorded as immigrants to Canada; that is, permanent residents who were not born in Canada. In the same year, immigrant populations in the Toronto and Vancouver regions represented 43.7% and 37.5% respectively. By comparison, the proportion of immigrants to Montreal’s population remains relatively small. However, immigrant diversity as it relates to immigrant origins is recorded as higher in Montreal than in both Toronto and Vancouver. This can be explained primarily by Montreal attracting migrants from countries with French as a second language (Germain, & Radice, 2006). During the 1990s, immigrants from Haiti, China, Algeria, France, Lebanon, Morocco, Romania and Philippines represented more than 40% of the immigration. As a result, the Francophone and Anglophone populations were becoming less and less homogenous.

The effects of a strategic focus on innovative industries stemming from the last period combined with the market liberalisation were now being felt in Montreal. By the end of the 1990s, the city had developed a strong expertise within the aeronautic, pharmaceutical and information/communication technology industries. With more than 63% of Quebec’s employment in high knowledge industries located within Montreal (MIC, 2001 cited in Lesemann & Goyette, 2003), the
city’s metropolitan region was fast becoming occupied with technopoles. In addition, Quebec’s economy had experienced increased integration with the United States with approximately 80% of Quebec’s exports heading south of the border, 50% of which were high technology manufacturing products. This integration sees Montreal form an integral part of the Northeast American economy (Kerls & Proulx, 2000). However, amongst the high technology industries there remains an important lower-skilled manufacturing industry in clothing, tobacco and food production.

Political leaders from all levels of government during this period appear to have recognised the importance of Montreal, and metropolitan cities in general, in the development of the provinces and country. The programme New deal for cities from the federal government is an example where the federal government of Canada developed new financing tools for Canadian Metropolitan Regions. Although this ‘new deal’ has yet to occur, its very discussion shows the recognition of challenges faced by Metropolitan Regions. As we will see during this time period a series of initiatives were undertaken to enhance Montreal’s profile as a competitive global city. The central issue tackled was governance.

4.3.1 Municipal reform

Between 1996 and 2006, the provincial government of Quebec conducted province-wide municipal reforms, including a central component of forced municipal amalgamations. Hamel (2005) mentioned that the main purpose of the reform was to modernise the municipal system in the province of Quebec in response to provincial, national and international environments. Specifically, this modernisation was intended to strengthen the governance capacity at the municipal level.

The provincial government has usually insisted on municipal consolidation as the first and most effective solution to improve governance capacity (Hamel, 2005). The provincial government believed that the province of Quebec consisted of too many municipalities. In 2000, Quebec had 1,306 municipalities, representing 21% of Quebec’s total population, where 85% of this number included municipalities under 5,000 persons (Benoit & Mévellec, 2003). On the Island of Montreal alone 27 Municipalities were targeted for amalgamation to form the new City of Montreal.

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30 First mentioned in 1965, initiatives of municipal reform had been on the agenda of the provincial government for over forty years since the Voluntary Amalgamation Act of 1965. Government initiatives continued with an amendment to municipal legislation in 1971 handing provincial government ministers the authority to mandate amalgamations. Then, between 1990 and 1996, the provincial government introduced a combination of voluntary and mandatory reform approaches with various incentives including a statutory policy and financial framework to facilitate voluntary amalgamations. Of the initiatives proposed by the government none had lead to the expected municipal amalgamations.
Transpiring from the literature, three key reasons have been identified as the provincial government’s motivation for improving governance by municipal reforms:

1) Improve the efficiency and quality in the provision of municipal public services (Collin, 2002). This concept stems from the belief that without amalgamation, efficiency and quality of public services suffer with a higher number of municipalities and consequently the higher overhead costs associated with the provision of these services. By sharing resources through amalgamation, an agglomerated municipality could provide a better cost/service ratio in the provision of municipal public services.

2) Promote greater fiscal equity (Collin, 2002). There was recognition that socioeconomic inequality had allowed some parts of the island to afford better services than other parts.

3) Sustain economic competitiveness under the new globalised role of cities. The provincial government believed that strengthening major urban centres was necessary to make them more competitive at a national and international level (Hamel, 2005 and Benoit & Mévellec, 2003). It would furnish a common vision for planning and development across the island of Montreal (Collin, 2002). Montreal was so central in the municipal reform that Benoit and Mévellec (2003) suggested the possibility that the whole reform was first and foremost to reorganise Montreal and reduce the amount of players within its governance arrangements.

In Montreal, the reforms affected the government structure at three levels. Firstly, the provincial government forced the amalgamation of 28 local municipalities on the Island of Montreal into the new greater City of Montreal. Other municipalities, further from Montreal’s city centre were also amalgamated together including Montreal’s South Shore where eight municipalities merged to form the new City of Longueil. Secondly, within the new City of Montreal, 27 arrondissement or boroughs were formed, defined notably by the old municipalities’ boundaries. And finally, the provincial government implemented the Montreal Metropolitan Community replacing the Montreal Urban Community (MUC). The Montreal Metropolitan Community included the new City of Montreal and its surrounding municipalities.

The forced amalgamation of municipalities provoked active opposition from affected citizens who believed that amalgamation was an attack on local democracy. In 2003, the new Liberal provincial government allowed the de-amalgamation of municipalities. By 2006, 15 municipalities had separated from the City of Montreal and 4 from the City of Longueil. The resulting effect was the creation of another level of government, the Amalgamated City of Montreal composed of the City of Montreal (divided into 19 boroughs) and the autonomous bind municipalities (Collin &
Robertson, 2005). This new authority sought to ensure a link between the City of Montreal and the bind municipalities managing 60% of their respective budgets. The same principal was applied to Longueil with the Amalgamated City of Longueil.

The Montreal Metropolitan Community (MMC) was created in 2001 to address metropolitan regional issues and was charged with strategic planning and economic development. The MMC comprised 82 municipalities and was chaired by the mayor of Montreal. It included 28 elected municipal officials who were selected to sit on the MMC. Its budget was approximately $96 million, with 25% received from the provincial government and 75% from municipal transfers; a budget and ratio considered limited by some (Boudreau et al., 2006).

At the municipal level, the act reforming the City of Montreal introduced a new governance model whereby the responsibility of administering and managing the city was divided between the city council and the borough councils.

Borough councils had considerable advisory and decision-making powers. They were responsible for managing local services such as local roads, garbage collection, recreation, parks, culture, and social, economic and community development. They also handled some urban planning aspects and oversaw public consultation on various issues. Borough councils could make recommendations to the city council, particularly on budget matters. They also had the power to modify urban planning regulations applicable to their territory. The boroughs had no taxation powers and could not borrow money. They were required to request the levying of a sector tax to help fund additional levels of services. The creation of boroughs was a new initiative as they received more local authority over local services than similar bodies established in the amalgamation of other Canadian cities; examples include Halifax and Toronto (Sancton, 2001, cited in Collin & Robertson, 2005).

The complex governmental system in place - 8 levels in total - did not facilitate general comprehension of the city’s operations:

1. Boroughs
2. Municipalities
3. MRC
4. Amalgamated Cities
5. CRD
6. Montreal Metropolitan Community

7. Provincial government

8. Federal government

The difficulty in implementing a vision at the metropolitan level was further complicated by a socio-ethnicity factor, specifically the de-amalgamation of predominantly English boroughs. Nearly all communities (14 of 15) with bilingual status opted for demerging from Montreal with the sole exception of former Montreal-Est (Collin & Robertson, 2005). It is clear that the de-amalgamated municipalities in Montreal present a similar profile. These are wealthy, English-speaking municipalities (Le Blanc, 2006).

Furthermore, the Montreal Metropolitan Community (MMC), responsible for territorial planning, waste management, public transport and economic development functions, aimed at bringing a global vision to Montreal but was described as having a very low level of power. In its early years the MMC, designed to bring a global vision to the region, but was described as having no teeth (Fourot, 2006). By 2004, observers believed that the MMC did not greatly influence the political/administrative dynamic of the metropolitan region. This may be accounted for in the organisation’s limited resources (Boudreau et.al., 2004) and the complex governance structure in Montreal. Collin (2002) believed that the MMC had not yet found an effective, influential form and was still experimenting. In 2004, the MMC and the federal agency Canada Economic Development co-financed a territorial review of Montreal Metropolitan Region by the OECD.

4.3.2 MMC and OECD report

In 2004, the OECD conducted a territorial review of the Metropolitan Region of Montreal.\(^{31}\) This report was completed in the middle of the municipal reform, prior to de-amalgamation. Amongst other assessments and recommendations, the review pointed out the importance of Montreal in the Canadian economy:

> Despite the economic turbulence of the early 1990s, Montreal has maintained its position as one of the leading contributors of Canada’s GDP (9.8% in 2002). During the period 1997-2002, Montreal’s GDP has been growing at an annual rate of 3.8%. Within the context of the increasing international integration – in particular, the North American Free Trade Agreement

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\(^{31}\) The objectives of this review are:

a) Identify the nature and scale of territorial challenges using a common analytical framework
b) Assist governments in the assessment and improvement of their territorial policy, using comparative policy analysis
c) Assess the distribution of competencies and resources among the different levels of government
D) Identify and disseminate information on best practices regarding territorial policy and governance. (OECD, Territorial Review, 2004; p.3)
(NAFTA), Metropolitan Montreal has strengthened its position in leading sectors of the knowledge-based economy and benefited from increasing foreign trade and investment. This positive performance has resulted in a high rate of job creation: after having reached its lowest level in 1993 (55.1%), Montreal’s employment rate has been steadily increasing and reached 61.7% in 2002 (OECD, 2004, p.13).

The OECD report recognised that Montreal benefited from a dramatic increase in international exports, particularly from niche exports in high technologies to the USA. However, the OECD report also pointed out that Montreal needed to compete with other international metropolitan regions when comparing GDP per capita and average productivity rates. The OECD identified a need for Montreal to upgrade work force skills and to invest more in research and development. According to the OECD, the main competitive factor for Montreal was its high labour market participation rates. The down side was the region’s elderly population, which was predicted to lead to a decrease in this rate. The OECD discusses the reform with a particular interest in the CMM:

The CMM is an interesting example of a metro wide organisational body, trying to overcome fragmentation and to harmonise functional with administrative areas. Contrary to a single-purpose metropolitan agency, the CMM can follow an integrated and multi-sectoral strategy for the metropolitan region. (OECD, 2004, p.16)

The OECD recommended giving more responsibilities to metropolitan-wide services, providing incentives and mechanisms to facilitate co-ordination of local development policies, allocating more resources to the CMM and providing more direction for public representation.

The main recommendation from the report follows:

Governance issues should be solved as soon as possible to allow possible the implementation of a strategic economic development policy: Montreal finds itself in somewhat of a paradox. With its lower cost, high quality of life, and wide-range of industrial, cultural, education, and social strengths, Montreal has a vibrant and dynamic economy that makes it the envy of less endowed regions. Yet, this same diversity and complexity also serve to undermine the region’s economic dynamism when they give way to institutional isolation and fragmented decision-making. If Montreal wants to pursue its expansion to external markets and continue to register economic growth and employment, it has to increase productivity, reinforce existing regional clusters through policies that support innovation and attract high-skilled talents. In other words, it has to focus now on qualitative growth instead of quantitative growth. (...) Consolidating local and metropolitan governance should be short term priority as uncertainty surrounding the present framework will eventually undermine businesses’ confidence. (...) Implementing and not simply elaborating a comprehensive economic strategy for the whole metropolitan region will be the main challenge for Montreal in the following years. (OECD, 2004, p.25)

The OECD report also highlighted that governance at a regional level in Montreal was also of concern. This sentiment was mirrored by Morin and Hanley’s 2004 study of the link between
CDECs and the MMC, Montreal Technovision and Montreal International. They concluded at the time that there were few links between these agencies.

4.3.3 New neo liberal model of development

The provincial election of 2003 represented an important turn towards a neo liberal model of development for Quebec, with the election of the Parti Liberal government, and the Action Démocratique du Québec as official opposition (Lévesque, 2004). It was felt that the ‘bad’ economic performance of Quebec relative to neighbouring Ontario was due to the large place occupied by the state particularly, within the business financing area (Lévesque, 2004). The Liberal’s approach promoted a withdrawal of the state to favour market and public-private contracts for production and distribution of goods and services.

In relation to regional and local development the new government focused on two areas; governance with the introduction of Bill 34, and capital development with the Rapport Brunet. Bill 34 aimed to create new governance for local and regional development. It promoted decentralisation of responsibilities, budgets and tools for regional and local development towards MRCs. Thus, provincial funding became municipal funding. In Montreal, this responsibility went to the Agglomeration Council of the Amalgamated City of Montreal. This council delegated responsibility to the municipalities, which, in the case of the City of Montreal, delegated it to the boroughs councils. The director of the CDEC Rosemont-Petite-Patrie explained in a 2008 interview for this research project that they had to fight and gain political support to keep the CDECs. In fact he believed that several people in Montreal wanted to have one CLD for the entire city of Montreal:

What they wanted was a big CLD like in Laval, which means managed by the economic development department of the city. So we had to fight, mobilise people and elected members. Local elected members were saying ‘we need to keep our CDECs, we need to keep these structures if not we will kill local development, nothing will be done anymore at the local level, it will be a large regional development (...) from there came the decentralisation to the boroughs. So the city responsible for CLD mandates gave it to each of the boroughs. In some places it is going well, in others it is not going so well (Director of CDEC Rosemont-Petite-Patrie, 2008. Author’s translation).

The Director of the CDEC Centre-Nord explained in a 2008 interview for this research project that the change imposed was at first difficult:

When it changed with the municipal fusion, the relationships at first were very difficult. First there were the directors of boroughs who came from outside, including directors from cities where no CDEC exists. At first, we were seen a little like communists, or beginners, people who have difficulties to differentiate an expense from revenue. I am not caricaturing. We needed enormous networking with these people, and in the first two years, it was very rigid. (...) They wanted to sign very precise contracts (...) very micro which we refused. We negotiated directly with the political authority of the borough for these to be reviewed in a reasonable way. When we had
our first PALEE adopted, a version which pleased elected members and directors, things got more relaxed (Director of CDEC Centre-Nord, 2008. Author’s translation).

The director mentioned that the CDEC has good relationships with employees at the borough council, contacting each other directly for questions and support.

According to Lévesque (2004), however, the decentralisation was not to benefit the pluralist partnerships at the local level now installed through CLD, CDECs and CRDs. Rather, he argued that it was to increase the power of municipal elected members in favour of public private partnerships. With Bill 34, CRDs and CLD lost their purpose of engagement with the local and regional population.

The Conférence régionale des élus (CRE), or Regional conference of elected members, took over management of the CRDs and largely constituted mayors and municipality members. A third of the CRD’s civil society representatives were appointed to the CRE by elected members. The CLD administrative council was now generally under the municipal and MRC’s responsibility in place of the provincial government. The CLD council was now formed with and by elected members with the capacity to appoint representatives from business and community groups. The presence of local councillors was now large in number and with heavy influence:

We see both at local and regional levels that community and social economy organisations have partially lost their recognition as civil society actors with a role to play in the organisation of health and social services and in economic and social development planning structures. In the new context, community organisations are seen primarily as mere service providers and not as agents of civil society in a democratic framework (Lévesque, 2004, p.1, author’s translation).

Lévesque (2004) added that the presence of elected members would also decrease the diversity of the social groups within these organisations:

The substantial predominance of municipal members within the CRE and within administration boards of the CLD has reduced considerably the number of women as only 10% of these occupied a mayor position, and 7% occupied an elected member position, as oppose to the administration board of CRDs and CLDs which could count up to exceed 50% women. We can believe that it will be similar for youth, (...) (Lévesque, 2004, p.13, author’s translation).

With the reduction of social group diversity, Lévesque (2004) added that there was a risk to the variety of sector activities (culture, environment, family, community action, housing and leaving conditions and employment).

The CDECs managed to keep their CLD mandate as well as their administration council format composed of representatives from society groups and elected from the members that they represent. However, there was now elected members on their administrative councils.
If we look at Laval, the CLD mandate was transferred from the CRD to the CRE. The CLD administration still fell under Laval Technopole’s responsibility. The new structure was highly concentrated, favouring decision making by a few elected members.

Regarding capital investment, the *Rapport Brunet* published in 2003 reported that the intervention of the provincial government was too large with 70% of the risk capital coming from public agencies such as the SGF, Caisse de dépôt et de placement, Société Innovatech and Fonds local d’investissement. According to the report, there was a need to share the responsibility between the public and private sectors. In comparison, 70% of the risk capital in Ontario comes from private funds.

However, as illustrated through the previous patterns of development, most of these funds were not developed to target large financial returns. The funds were intended to develop strategic areas of the Quebec economy like the Société Innovatech, or had a socio-economic objective like raising employment, encouraging regional development and encouraging the development of businesses from Quebec. Lévesque (2004) argued that there was a misunderstanding between risk capital funds and development funds. The development funds did not target high rates of return, they provided supporting services to improve projects. In terms of the governance of the funds, the responsibility was shared between actors involved in development, including the business sector but also social actors. Therefore, development funds did not necessarily focus on economic growth but rather on development in general. The report was followed by major changes in the role of the Caisse de dépôt et de Placements. The Société Innovatech was handed to a private firm. The Fonds locaux d’investissement and the Fonds de développement d’économie sociale, both managed by the CLD and CDECs were not touched through this process.

In the years following the changes at the Caisse de dépôt et de Placements, the institution initially experienced successful financial investment with high returns. By contrast, in 2010, the Caisse de Dépôt et de Placements lost $39,8 billion. In continuing to look for high returns, the institution practiced risky investment and lost a significant amount of money. The loss received a large amount of media attention and the Caisse was reproached by many for having lost track when they started to invest heavily into international markets. In addition, the Caisse invested in commercial papers, an unsafe investment. The Caisse, which manages the retirement funds of the population, should, according to many, invest in secure markets as opposed to looking for high risks and returns on investments.

The Quebec and the Canadian governments have experienced a strong wave of neoclassical influence from the political sphere and from some society groups. A group of intellectuals
produced a Manifesto called *Pour un Québec Lucide* which received large media coverage. They highlighted threats that, they argued, Quebecois must stop ignoring; its relative weakness in North America, its large public debt, its demographic decline and ageing population, and the so called “Asian challenge”, the concurrent rise of China and India. The belief is that Quebecois work less efficiently, that they retire too early and that they have expensive and overly-generous social programmes. The critics of the Manifesto\(^{32}\) said that the document did not propose a project for a society but a project for an efficient and profitable factory. At the federal level, a new conservative government elected in 2006 promoted economic, social and cultural conservative values.

### 4.3.4 Immigration and integration

The first generation of immigrants’ children that were enrolled in French schools as a consequence of Bill 101 are now reaching adulthood, and are around 30 years of age. Most agree that the objective of the law concerning language was met. The Children of the Bill 101, as they are generally referred to, do speak French in 2010 and most of the children of immigrants are now enrolled in French schools. The integration of the adults newly immigrated, however, is still a challenge. Their integration to the culture, the language and the labour market remains difficult.

Despite the high proportion of immigrants holding university degrees in Montreal, their employment rate is extremely low (OECD, 2004). In 2001, 13% of the people born outside of Canada were unemployed, and the situation was worst for the newest immigrants. Only 65 % of the migrants who arrived in 2001 had a job by 2003.\(^{33}\) In Toronto it was 84%. Amongst the skilled migrants, only 53% had found a job in their envisaged profession (Statistics Canada- Population Cencus, 2006 cited in Birrell & McIsaac). The recognition of their degrees and diplomas and the language barriers are two central challenges faced by new immigrants in their search for employment (Birrell & McIsaac, 2007).

All services related to the installation and employment of immigrants is delivered by the provincial government. In 2004, the government reiterated the importance of immigrant integration and established a programme of action. The programme had two main objectives. These were forquick and successful integration of immigrants to the labour market, and development of harmonious inter-cultural relationships. At the local level, various community organisations offered services to immigrants to Montreal. Emploi Quebec has agreements with more than 25 of these

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\(^{32}\) Amongst others, the provincial party Quebec Solidaire

\(^{33}\) Amongst the people aged between 25 to 44 years old
organisations and furnishes in partnership employment services to immigrants and members of the visible minority.

The challenge of integration and intercultural relations received a significant amount of media attention in the second half of the 2000s. The debate took shape around the *accomodements raisonnables* or ‘reasonable arrangements’. A reasonable arrangement is a right defined by a tribunal to put an end to discrimination causing prejudice. It is based on the Canadian Charter of Rights and Freedoms. Of these reasonable arrangements, a majority were developed with disabled people. For example, the tribunal could ask for, in the name of a right, a reasonable arrangement to accommodate a disabled person for work, who otherwise may not be able to due to poor access to facilities or missing supportive technologies (Radio-Canada, 2009). Since 2006, reasonable arrangements began to accommodate religious matters, as the Canadian Charter ensures freedom of religion. Accommodations for religion however, received significant media coverage in Quebec.

Examples for these are numerous. For example, the Superior Court of Quebec ruled giving a student the right to wear to school a Kirpan Sikhe, a symbolic dagger of the Sikh religion. Another accommodation attracting media interest occurred when the YMCA of Montreal installed frosted windows to its fitness centre on the request of the Hasidism Jewish community to avoid exposing their children to women dressed in sports gear. There was the decision from Montreal police to invite female police officers to step aside while on duty and allow a fellow male colleague to take her place should a Hasidim Jewish request so. There was the Commission of Human Rights who asked the École de technologie supérieure, a post secondary education facility, to find an agreement with Muslim students requesting a prayer rooms. And finally, there was a CLSC in Montreal (a community health clinic) that refused men participation in prenatal courses to avoid offending Muslim, Hindu and Sikh women (Radio-Canada, 2009). Judging the validity of these decisions is not the intention of the report, but more to establish the impact on the racial relations overall.

These ‘reasonable arrangements’ crystallised and amplified the difficulty and unease within Quebec in the integration of immigrants when concerning religious matters. Up to what point should the society of Quebec be willing to go in accommodating the religion(s), belief (ves) and culture (s) of immigrants? The provincial government took its time before reacting, raising tensions in Quebec.

In 2007, the provincial government announced the creation of a commission to consult and address the practice of reasonable arrangements related to cultural differences. The government
also identified three cultural values that could not be subject to reasonable arrangements; equality between men and women, priority of the French language and separation of state and religion. The commission travelled across the province to listen to citizens, community groups, elected members and others, on their perspective of reasonable arrangements, interculturalism, immigration and Quebec identity. The recommendations from the commission were substantial and a voluminous report was produced. It did not, however, achieve unanimity. Many recommendations to improve the integration of immigrants and measures to fight against racism were welcomed by the political parties of the province. The report, though, was accused by many as forgetting about respecting the culture of the majority (Radio-Canada, 2009).
4.4 Toward a new pattern of development

Local economic development practice is facing new economic, political and social paradigms in Quebec suggesting it might be entering a fourth pattern of development. The conservative economic movement of the third pattern is gaining popularity as this thesis is being written. New networks are being established promoting less government intervention in all spheres of society. In context of the recent financial crisis and in part because of the significant accumulated public dept and annual deficit of the Quebec provincial government, this movement is gaining ground.

In addition, there have been recent accusations of corruption and collusion between governments and engineering firms around the provision of construction contracts.

These accusations have targeted several municipalities in Quebec and the provincial government. Concerning the Montreal metropolitan region, the administration of the Mayor Tremblay has been reprimanded for attributing a contract concerning water counters without going through the appropriate tendering process, resulting in the payment of extravagant project costs. In Laval, the mayor is currently under investigations for corruption allegations but he maintains that he is innocent. In the provincial government and in addition to collusion and corruption accusations, it is suspected that the Mafia have infiltrated the government.

This uneasy situation will most likely lead to the implementation of mechanisms improving transparency between governments and the private sector. It is also not unrealistic to believe that governments will want to clarify all partnerships, including those with non-for-profit area and community groups. As for LED practice, clarification would insure transparency and public confidence in the sector. However, it is hoped that new tools introduced to provide transparency will respect the mission and objectives of the organisations working within LED.
CHAPTER 5: CURRENT PRACTICE IN MONTREAL

The following chapter presents current characteristics of local economic development (LED) practice in the Montreal Metropolitan Region\textsuperscript{34}. As seen in the previous chapter, Montreal’s local institutional arrangement is multi-tiered and complex. Currently, there are 83 municipalities grouped into 12 MRCs in addition to 21 independent municipalities. In discussing LED, most Centers for Local Development (CLD) have been established at the MRC level where possible. In cases where no MRC is established, CLDs have been implemented at the local municipality level or in a grouping of local municipalities and boroughs if the municipality is not sufficiently large. For example, the City of Longueuil has its own CLD but in the case of Montreal’s West Island, there are eight independent municipalities and two boroughs of Montreal City grouped together with a single CLD between them.

One area of particular interest in this chapter is Laval and the Laval Technopole created in 1995, covering the city proper. As seen in the second pattern of development, this organisation represents one of the major initiatives within the Montreal region aligned with the government focus of technology and innovation. It was previously observed that 14 municipalities amalgamated in 1965 to form the City of Laval. The territory has the distinctiveness of being a incorporated city as well as a MRC and an administrative region at the same time. The management of the CLD was exceptionally given to the Conseil régional des élus (CRE) which is the new regional body. As this regional body does not have an implementation arm, the administration of the CLD was given to Laval Technopole the local/regional economic development agency. Finally, ten CDECs also received the function of CLD at the borough level in the City of Montreal.

The organisations chosen to be studied in this section have in common involvement with their local CLDs and recognition as being the main local economic development agency of their area. In addition, they also have their own separate mandates, engagements and activities developed prior to and along side of the CLD mandate. These are the organisations:

- Laval Technopole\textsuperscript{35} (City/MRC/Region of Laval)
- CDEC RESO (Borough of Le Sud Ouest)

\textsuperscript{34} The present tense is used here to contrast with the elements presented in the development patterns. The interviews with the practitioners from the Montreal Metropolitan Regions were completed by the end of 2008.

\textsuperscript{35} All interviews were digitally recorded with the exception of Laval Technopole’s practitioner, where hand notes were taken. All interviews were carried out face to face with the practitioners with the exception of one interview conducted by phone. The phone interview was completed within 30 minutes as opposed to one full hour.
• CDEC Centre-Nord (Borough of Villeray-Parc-Extension)
• CDEC CND/NDG (Borough of Côte des Neiges/Notre Dame de Grâce)
• CDEC Rosemont-Petite-Patrie (Borough of Rosemont-La-Petite-Patrie)

Figure 4 is a map of the Montreal Metropolitan Community. Laval and Laval Technopole are located north of the island of Montreal comprising another island on the St Laurence River. The CDECs are located on the Islands of Montreal, in the territory of the City of Montreal.

Figure 4: Map of Montreal Metropolitan Community


Appendix 1 presents more information concerning the socioeconomic characteristics of the territories covered by the agencies studied here. This includes general statistics as well as descriptions from the directors interviewed.

This section is primarily based on the five interviews conducted with the directors of the aforementioned organisations. Other documents and sources of information were used to
complete the analysis of interviews, including the official websites of each organisation and their strategic documents and annual plans. This chapter is separated into seven main subjects concerning economic development practice. These are organisation type and governance; resources and funding arrangements; relations with funding agencies and governments; profile of the directors and general philosophy; main activities; roots within the community, and the governance for the Montreal metropolitan community.
5.1 Organisation type and governance

Table 1 presents the dates of establishment of each organisation and their respective governance model.

<table>
<thead>
<tr>
<th>Table 1: Organisation type and dates of establishment</th>
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<tbody>
<tr>
<td>Established</td>
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<tr>
<td>Laval Technopole</td>
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<tr>
<td>CDEC Centre-Nord</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>CDEC Côte des Neiges/Notre Dame de Grâce</td>
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<tr>
<td>CDEC Rosemont-Petite-Patrie</td>
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<td></td>
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<tr>
<td>CDEC RESO</td>
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Sources:
Director of CDEC Centre-Nord, Interview 2008
Director of Laval Technopole, Interview 2008

From this table two main trends exist based on the date of establishment and organisation type. The organisations are divided into two categories based on these trends.

The first category includes the four CDECs established as community organisations at the end of the 1980 and early 90s, before Laval Technopole. The second category includes Laval Technopole created as a not-for-profit organisation. The director of the CDEC CDC/NDG makes a distinction
between these two models by noting that a community organisation is an organisation that involves the participation of its citizens. This is reflected in the governance model of these CDECs, which are structured around an administrative board and a general assembly of members, including community members. In Quebec, community organisations generally hold at least one general assembly a year at which time they elect their administrative board and discuss their orientations as members of the community. The people who vote at the general assembly have membership rights in the organisation.

CDEC membership is open to any resident or organisation of their territory. As members, they obtain the right to vote at the annual assembly and they receive communications from their CDEC. They may also receive special prices for particular services. Membership is obtained with the payment of a nominal fee as the director of the CDEC CDN/NDG explains:

Fees are symbolic, for an individual it costs two dollars a year and for an organisation it costs twenty dollars a year. It is not, therefore, a question of money. It is to have an organisation within which there is an associational life, alive, rich, diversified (Director of CDEC CDN/NDG, 2008, author’s translation).

At the general assembly, CDECs discuss their strategic orientation with members. At the CDEC RESO 2008 annual assembly more than 200 people attended. It should be pointed out that this is an area historically recognised for its community engagement.

During their general assembly CDECs elect their administrative board. All members are attached to a specific sector of their community such as business, unions, ethnic groups, health and social services, education, culture, elected municipal members or residents. They elect a predetermined number of representatives for their group who will then sit on the administrative board. These various groups are called Collèges électoraux or Electoral Colleges. The director of CDEC RESO explains how the election of the administrative board works and how this process can be defined as participative democracy:

So these are the electoral colleges, there is a college for community organisations, one for health and education, one of culture, in fact, there are a dozen colleges that each represent a sector, a grouping of socio-economic actors. These colleges will elect representatives to sit on the administrative council in a way that the administrative board is composed of a diverse range of actors who have different interests and preoccupations but that also have a common goal to revitalise and develop the South-West area. That is it you have basically a form of participative democracy (Director of CDEC RESO, 2008, author’s translation).

The director of CDEC Rosement-Petite-Patrie mentions that the electoral colleges representing community groups on his board meet two or three times annually, in addition of the general assembly, to exchange and occasionally give a mandate to their elected members to progress
certain issues. The director of the CDEC CDN/NDG, referring to the composition of the administrative board, mentioned that this multidisciplinary structure of governance allows ideas to emerge and to be debated by individuals who do not usually work together, such as individuals from the private sector and individuals from community groups.

The CDEC directors were questioned about the practical side of this structure and how it affects the progress of the organisation’s mandate. Most directors interviewed agreed that the search for consensus between these various people can be a long process. Further, the director for CDEC Rosemont/La Petite-Patrie added that the involvement of all these actors also means that they do not always reach consensus. From his point of view, the engagement process should be led by the stated objectives:

You need to get, ideally, the largest possible consensus but it is difficult. I have never seen, myself, projects where there was total, global consensus with everybody happy. It is not just getting people to sit together or to say that we have 350 people behind us, it is more than that, there are people who actively participate in the development of a project and in the working committees (Director of CDEC Rosemont-Petite-Patrie, 2008, author’s translation).

The director of CDEC RESO mentioned that with time the various actors tend to adopt a more cooperative behaviour:

After 20 years of history, for sure some things have settled. Basically, maybe we are less at the brink of confrontation during discussions and exchange, although there are always topics that will end up in confrontation. But I do think that everybody has a need for consensus in their mind (Director of CDEC RESO, 2008, author’s translation).

In the same manner, the director of CDEC Rosemont-Petite-Patrie mentioned that with time the community has come to know the CDECs and the kind of development they are responsible for. For example, they know that CDECs do not work with polluting industries. This tends to more easily mobilise the community for particular causes. Finally, another positive effect mentioned is that elected members tend to listen more carefully when they realise that part of the community is behind a project. The director of the CDEC Centre-Nord warns, however, that CDECs have to be careful as they are not elected and therefore do not represent the whole population of their community. As such, he argues, they should avoid acting as if they do.

The second organisational category includes Laval Technopole, a not-for-profit organisation governed by an administrative board. The first difference between the two categories is that Laval Technopole does not have membership or an annual general assembly. Secondly, the Technopole board is mainly composed of people representing the private sector and tertiary education institutions.
Perhaps another significant difference with the two organisational categories is the composition of the administrative board. Table 2 shows that the size of the administrative board is variable from 16 members in CDEC Rosemont-Petite-Patrie to 21 members in CDEC Centre-Nord. Technopole Laval is the only organisation to have an administrative board with a president from the private sector. It is important to note, however, that the CDEC CDN\NDG has a president representing an association of entrepreneurs.

A large proportion of CDEC board members represent social institutions, community organisations, public companies and unions. In fact 51 of the total 72 members of all four CDECs are from these groups. For example, Marc Sougavinski, general director of the Centre de santé et de services sociaux de la Montagne, is a member of the CDEC Centre-Nord administrative board representing health institutions. In general, members of the board have executive positions within their respective organisations. Another feature of CDECs is that one employee is included as a member of the administrative board as well as residents of the community.

In Laval Technopole, the private sector is represented by 15 out of 20 members, most of whom are acting presidents or general directors of large private companies or consultants in Laval. For example, Martin Desrochers sits on the Laval Technopole board while President of MADECO Construction. Another board member includes the general director of the Institut National de la Recherche Scientifique (INRS), a tertiary education institute.

Gender representation is another point of difference between the two categories. Although there is a disproportionate representation of women on boards in both categories, women are particularly misrepresented in Laval Technopole with only 3 of 20 members being female.

Finally, all the agencies have elected members from their municipality sitting on their board.
<table>
<thead>
<tr>
<th>Table 2: Composition of the administrative board, the numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Members (including president)</strong></td>
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<tr>
<td>-------------------------------------------------------------</td>
</tr>
<tr>
<td>Laval Technopole</td>
</tr>
<tr>
<td>CDEC Centre-Nord</td>
</tr>
<tr>
<td>CDEC CDN/NDG</td>
</tr>
<tr>
<td>CDEC Rosemont-Petite-Patrie</td>
</tr>
<tr>
<td>CDEC RESO</td>
</tr>
</tbody>
</table>

**Sources:**
- Director of Laval Technopole, Interview 2008
- Director of CDEC Centre-Nord, Interview 2008
- Director of CDEC Rosemont-Petite-Patrie, Interview 2008
- Director of CDEC RESO, Interview 2008
- Director of CDEC CDN/NDG, Interview 2008
5.2 Resources and funding arrangement

Table 3 presents budgets and sources of funding for the five local economic development organisations studied. Three principal sources of funding have been identified with other local players contributing to individual organisations on a project specific basis. The three principal sources include the three levels of government; federal, provincial and municipal.

In the case of the CDECs, an operating budget of approximately $1 million has been established sourced primarily from the federal government and provincial government. The federal funding arrives through the Development Economic Canada department financing projects in community engagement and mobilisation, social and local development and territorial development.

The provincial funding is targeted for the CLD mandate and managed by their respective Montreal City borough. Through an agreement with the borough, the CDEC then appropriates the fund accordingly.

CDECs may also received additional financing through organisations such as Caisse Populaire, or through specific project funding as pointed out by the director of CDEC Rosemont-Petite-Patrie. The Being active in my neighbourhood project, for example, was financed by the City of Montreal and the Direction de la Santé Publique.

Finally, CDECs also receive financing from additional provincial source, namely Emploi Quebec. This organisation is the employment agency of Quebec working specifically on employment tasks and initiatives in the communities of Quebec. According to the director of the CDEC CDN/NDG funding from the City of Montreal has historically been modest. The City has an significant position in the sense that it managed the CDL provincial funding, but only very little of its own budget serves to fund CDECs.

In the case of Laval Technopole, an operating budget of $3 million has been established. Of significance to point out, Laval Technopole represents an area encompassing three times the population of the average CDEC. Like the CDECs, Laval Technopole receives its funding from the provincial government. However, it is first managed by Laval CRE and then attributed by a CLD governance board which is part of the Laval Technopole; but not the same governance board of that for the overall Technopole. Laval Technopole and the CLD board are responsible for ensuring the administration and implementation of the CLD mandate. Another significant difference between Laval Technopole and the CDECs is that the municipal contribution to Laval Technopole represents the majority of the funding to the organisation at 70%.
Organisation size varies between 12-32 employees with the exception of the CDEC RESO comprising 49 employees. CDEC RESO employee numbers can be explained by a team involved with the Carrefour Jeunesse Emploi, a provincial government youth employment initiative rolled out across the province. In the case of south west Montreal (CDEC RESO), it is managed within the CDEC. Employees profiles in CDECs have been described by the director of CDEC CDN/NDG as:

Here, it is a not-for-profit organisation. Profit does not exist, I do not know a lot of people who have a career plan, thinking they will have promotions in an organisation like ours. There are horizontal structures where there is no intermediate level. (...) there are no bonuses, it is choices, institutional values (Director of CDEC CDN/NDG, 2008, author’s translation).
<table>
<thead>
<tr>
<th>Organisations</th>
<th>Annual Budget</th>
<th>Sources of Funding</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laval Technopole</td>
<td>~ $3,000,000</td>
<td>City of Laval (70%) Conférence Régionale des élus, Government of Quebec (25%)</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operational revenue (5%)</td>
<td></td>
</tr>
<tr>
<td>CDEC Centre-Nord</td>
<td>~ $1 million</td>
<td>Borough Ville – Saint-Michel – Parc-Extension, City of Montreal</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emploi-Québec (Government of Quebec)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Gouvernment of Canada, Développement économique Canada</td>
<td></td>
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<td></td>
<td></td>
<td>Other local partners like Caisse Desjardins Cité-du-Nord and Caisse Desjardins Papineau/Jean-Talon</td>
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</tr>
<tr>
<td>CDEC CDN/NDG</td>
<td>~ $1 million</td>
<td>Borough of Côtes-des Neiges/Notre-Dame de Grâce– City of Montreal</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emploi-Québec (Government of Quebec)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gouvernment of Canada, Développement économique Canada</td>
<td></td>
</tr>
<tr>
<td>CDEC Rosemont-Petite-Patrie</td>
<td>~ $1 million</td>
<td>Borough of Rosemont Petite-Patrie– City of Montreal</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emploi-Québec (Government of Quebec)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Gouvernment of Canada, Développement économique Canada</td>
<td></td>
</tr>
<tr>
<td>CDEC RESO</td>
<td>~ $1 million</td>
<td>Borough of Rosemont Petite-Patrie– City of Montreal</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emploi-Québec (Government of Quebec)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Gouvernment of Canada, Développement économique Canada</td>
<td></td>
</tr>
</tbody>
</table>

Sources:
Director of Laval Technopole, Interview 2008
Director of CDEC Centre-Nord, Interview 2008
Director of CDEC Rosemont-Petite-Patrie, Interview 2008
Director of CDEC RESO, Interview 2008
Director of CDEC CDN/NDG, Interview 2008
5.3 Relationships with main funding agencies and governments

The main funding source of CDECs and Laval Technopole is the municipal governments. In the case of CDECs, the City of Montreal transfers funds for CLD mandate from the provincial government to its boroughs which in turn tunnel the funds to the CDECs. Although CDECs sign a three year agreement with the City of Montreal, the programs and budgets are approved by their respective boroughs. The director of the CDEC Rosemont-Petite-Patrie mentions that although boroughs have been in place for a while they really became empowered in 2003-2004. As a consequence CDECs were brought closer to the public sector.

According to three CDEC directors interviewed, the relation between themselves and their borough councils was initially difficult and took a few years to adjust to. According to the director of CDEC Centre-Nord, it took the presentation of their first three year strategic plan (PALEE) for the position to soften:

We had to do a lot of relationship management with these people. The first two years, I would say it was rigid. I remember that my equal at the borough was not calling me by my name, she was calling me the general director of the organisation responsible of the CLD mandate for the borough. (...) Later on we passed our first PALEE, new version, that was satisfactory to the elected members of the borough and the directors. From there, from their side softened their position (Director of CDEC Centre-Nord, 2008, author’s translation).

In regards of negotiating responsibilities, the director of CDEC Rosemont-Petite-Patrie gave a particular example. He mentions at the time of amalgamation the CDEC was compiling its own territory revitalisation studies. Upon amalgamation, the borough clearly stated that its area of work from now on would include territorial planning. This director mentioned that despite this, there are ongoing discussions regarding planning on such topics as zoning. Representatives from the borough will contact the CDEC and ask for opinions on possible zoning changes. In fact, CDEC directors interviewed seem to have developed a very good relationship with their borough council and seem to approve of the proximity with the municipalities elected members:

We asked for this decentralisation, to a certain extent (...) there is a much more direct access to the local administration and elected members. With time we will see but I think it is better decentralised like it is (Director of CDEC RESO, 2008, author’s translation).

CDEC directors highlighted the importance in having access to and meeting with public servants at the local level when progressing projects. Two directors described specific projects where the close relationship with the elected members of the borough was a factor of success. The director of CDEC Centre-Nord described his current relation with the borough: ‘we have our action plan and our own autonomous administrative board, but we work in collaboration as much as we can
and in complement to them’ (Director of CDEC Centre-Nord, 2008, author’s translation). Collaboration and partnerships are the words often used by the interviewees.

Three out of the four directors from CDECs interviewed, however, mentioned that the relationship between the borough and the CDEC is different everywhere. One director interviewed believes that some CDECs would hesitate to collaborate because it would be seen as losing independence.

On the other hand, the director of CDEC RESO mentions that in some boroughs everything is controlled by the political arena and there is little place for the community. He added that a positive relationship between the CDEC and local borough is a win-win situation:

> It is a win win relationship even for the elected members to have a structure like ours (...) it is the pulse of the community. We do not have the pretention of saying that what is decided here represents 100% of the population, but what is decided here, brings together the majority of the population and for that elected members are interested to work with structures like ours (Director of CDEC RESO, 2008, author’s translation).

In the case of Laval Technopole, the director has a direct relationship with the City of Laval. Laval Technopole has been the favoured agency by the City to carry the economic development role. Representatives of the City sit on the administrative board of Laval Technopole and the mayor of the city introduces the annual report of the organisation. The director of Laval Technopole mentioned that the mayor was extremely supportive of them and really understood the objectives of the group. Laval Technopole also maintains regular communication with the Conseil régional des élus (CRÉ). The CRE is responsible for the governance of the CLD while Laval Technopole is responsible for the administration. The director pointed out that Laval territory is extremely well managed in general and that the relationship with elected members of the CRE and the City of Laval is easy. One piece of information missing regarding this relationship is how the Technopole board selects its members and how much impact the City of Laval has in this process. From this perspective CDECs are very independent from their borough councils and it is possible that Laval Technopole does not enjoy the same independence.

Another major difference between CDECs and Laval Technopole is accountability. While both organisation types are accountable to their funding agencies and their administrative boards, CDECs are also accountable to their community directly. The director of CDEC RESO summarised the situation very well:

> I often repeat this, an organisation like RESO really gives itself a double accountability. It means we are accountable to the community, it created us and we need to justify our actions to it through our governance structure. But we also have to justify our actions to who is funding the RESO, the various governments (Director of CDEC RESO, 2008, author’s translation).

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36 This interview was completed in 2008.
As for funding agencies evaluations, the director of CDEC RESO indicated that some tend to focus on quantitative outputs rather than evaluating more qualitative outcomes. Agencies would demand to know how many meetings organisations were participating in but not what the actual results of these meetings were. He observed that they tend to have little interest in the actual results of these meetings. The director of CDEC Centre-Nord mentions that writing these reports, based on such requirements, requires significant resources. According to him, his last annual report comprised 125 pages.

The nature of the relationships with all funding agencies, including the provincial and federal governments, means that CDECs have to prove themselves every time a contract needs renewal. The director of CDEC RESO explains, ‘(E)ach three or four years, we have to demonstrate that what we do is relevant, that what we do is what needs to be done, and that we do it the right way to have results’ (Director of CDEC RESO, 2008, author’s translation).

The director of CDEC CDN/NDG expects difficulty in negotiating with the federal government for the renewal of their 2010 agreement. He pointed out that the new conservative government does not respond well to a community economic development approach.

5.4 Profile of the directors and general philosophy

This section introduces the thinking behind the CDEC and Laval Technopolis’s activities. The background of each practitioner was first studied and then their overall goals and mission of their work followed.

All five directors are men and have occupied their position as directors for a minimum of ten years, apart from Laval Technopolis. All the participants interviewed are from the province of Quebec and speak French as a first language. They all have as a minimum a bachelor’s degree, with the majority having completed a master’s degree.

Directors from the group of four CDECs share similar backgrounds of study, three of whom have studied geography, and two have studied politics. Before their work in CDECs, all four directors were heavily involved within their community. The director of CDEC CDN/NDG worked in a programme for crime prevention and was also the chief editor of a local journal. The director of CDEC Centre-Nord sat on many consultancy boards.

Three of the CDEC directors interviewed commented that the philosophy of the CDECs was what first attracted them to work there. The director of CDEC Rosemont-La Petite-Patrie recalled a particular moment where he realised that a community could take charge:
A turning point is the capacity of a collectively to take charge and to put in place projects or to stop projects that come from the top down as opposed to the bottom up. Therefore, a marking fact was, in 84, from memory, when the Canadian Pacific, within a prior phase, had wanted to develop a huge shopping mall (...). There was a citizen’s demonstration organised by the ‘housing committee’ and Rene Levesque, who was the premier of Quebec at the time, said in response that there would be no shopping mall. And it became, maybe it is no longer, but it became and remained for a long time the largest housing cooperative park in Canada, with a mix of housing coops and private housing (Director of CDEC Rosemont-La Petite-Patrie, 2008, author’s translation).

On the other hand, the director of Centre-Nord explained that he was originally brought into the CDEC to strengthen the management as there were significant financial concerns within the organisation. At this particular time the CDEC was experiencing critical management and funding problems and was threatening to close down.

As for the director of Laval Technopole, he has held senior management positions at the Canadian National Bank and was one of the first members of CODEL now known as Laval Technopole. When questioned about how his professional experiences have shaped his approach to economic development, he mentioned that the financial world in general has provided him with a great understanding of financial and economic mechanisms, providing him with a rational approach.

All four CDECS have a similar approach to local economic development which they call community economic development. The director of CDEC RESO believes that the economy is increasingly withdrawing itself from its original mission of responding to the needs of the human beings. He decided to work differently and to swim against the current. According to him, this does not mean rejecting the economy and the capitalist system, but to work within it differently, for the benefit of the community and not for any one minority.

Community economic development was explained by the interview participants as being based on two main aspects. First, economic development should serve social development. Second, community engagement is part of the overall process. The director of CDEC CDN/NDG (2008) explained what was discussed by all CDEC regarding the first aspect:

> Our objective is, at the same time, to work on questions regarding economic development as well as social development; if you wanted, to put economic development at the service of social development (Director of CDEC CDN/NDG, 2008, author’s translation).

Two aspects of community economic development are generally represented in the mission statement of each organisation and are presented in Table 4. The director of CDEC CDN/NDG added that the CDECs would tend to favour objectives and directions that could lead to individual and/or collective empowerment. Although CDECs are very active within the private sector, the director of CDEC Rosemont-Petite-Patrie argued that what mainly guides their decisions is the social impact of all their actions on the territory. The director also added that his CDEC tries to...
attract businesses but that it also takes into consideration how these businesses will contribute to the collective development of the community.

The approach involves a form of development by the community and for the community. The director of CDEC CDN/NDG mentioned that it is the local actors from all interest groups and the community in general who decide together the orientations of development. This is achieved first through their governance structure:

Community economic development is an approach that is more collective. Therefore, it is an approach that favours the local actors who come from all groups of the civil society to prioritise amongst themselves orientations and objectives that will support individual and collective empowerment (Director of CDEC CDN/NDG, 2008, author’s translation).

The director of the CDEC RESO called this collective entrepreneurship. The director of the CDEC Centre-Nord, however, referred to what he described as ‘possible’:

The possible is structured around two main items. First the mandate we received from the governments. Of a budget of $1 million received each year, $70,000 dollars is autonomous revenue. It is not with $70,000 of revenue that we can ignore the demand from the funding agencies. This is the first item. The second is we need to look inside the CDEC. We have on average 13 employees including the director. With 13 employees it is unrealistic to serve 4,000 companies, to be active with 500 community organisations and to partner with 20 institutions and to convince all these people to engage in a path of community economic development (Director of CDEC Centre-Nord, 2008, author’s translation).

The director added that the key is to choose the right project for a complete community economic development approach, and to make sure that it represents a large percentage of what the CDEC does. Distinctions were made between a CLD and a CDEC approach. In fact all CDEC participants made this distinction. According to the director of CDEC Rosemont-Petite-Patrie, the CLD mandate, when applied outside of the context of a CDEC, focuses on the development of entrepreneurship, supporting current businesses and investing in businesses, which would be an approach associated with traditional forms of economic development. However, this participant mentioned that his CDEC fulfils its CLD mandate in accordance with its own community economic development mission.

Finally, apart from the official description of the community development approach, all CDEC participants spoke about the revitalisation of their areas. ‘Our interest is to revitalise, the importance is to develop the territory in a just way, a way that respects population and the people’s needs in the long term’ (Director of CDEC Centre-Nord, 2008, author’s translation).

By contrast, the interview conducted with Laval Technopole revealed a more traditional approach to economic development with a mission focussing especially on growth and investment. A distinctive characteristic in the approach promoted by Laval Technopole was the emphasis on endogenous development and the importance of businesses’ growth from within Laval. The
The overall goal of the organisation was to build internal capacity by investing in Laval. The investment focused on specific industrial sectors and on research in new technology and innovation. It recognised the capacity of Laval to export in a globalising world and it establishes targets for that. This approach seems more in line with regional economic development than local economic development, and this could be a consequence of the organisation’s size. Administered inside the Laval Techonopole, the CLD’s objective is to support entrepreneurs and businesses by providing them with certain services.

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<th>Table 4: Mission or overall goal</th>
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<td><strong>Laval Technopole</strong></td>
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<td><strong>CDEC RESO</strong></td>
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### 5.5 Main activities

This section presents the main activities of all five organisations. In general, the CDECs focus on a similar area of work, which is significantly different to the work of Laval Techonopole. The CDEC
directors interviewed described their organisations as a toolbox offering services to a variety of local actors. Similar services are provided from one CDEC to another as they receive similar mandates from the same funding agencies. Their activities can be grouped into three areas: (1) businesses services including providing services to enterprises of the social economy, (2) employability and (3) community engagement. In some cases they are involved in developing structuring projects which can take the shape, for example, of industrial sectors development, territorial development or main street revitalisation. Laval Technopole specialises in industrial development, business and entrepreneurial support and promotion and investment encouragement. This section is presented in two parts, the part focussing on the activities accomplished by CDECs and the second part focussing on the activities of Laval Technopole.

5.5.1 CDECs

- Business services

Business services are one of the main activities provided by the CDECs. These services and resources vary between CDECs but generally include consultation in areas related to management, upskilling managers and employees, supporting the start-up of businesses, providing subventions and loans, supporting business networks and supporting research for funding. They also help businesses to find commercial space and land. Business services also include a special budget to support organisations from the social economy, or in other words, cooperatives and not-for-profit organisations. Two examples will be given here to illustrate the type of services included in this category.

One business service offered by the CDECs is funding, generally in partnership with other organisations, entrepreneurs and businesses. One such fund is the Fonds Local d’investissement (FLI), a loan targeting private companies, autonomous workers and cooperatives. With this funding organisations receive management counselling and support. A second fund targets particular groups such as the fund for young entrepreneurs, a fund targeting youth between 18 and 35 interested in creating and developing their own business. A third fund supports organisations and projects related to the social economy, responding to specific needs within the community. This fund supports the social economy with the goal of developing these organisations as monetarily independent from the CDEC.

Some projects and initiatives of the social economy come from within the CDECs and eventually branch out to become their own separate entities. There are two significant examples of this. First, the director of the CDEC Centre-Nord explained that presently his CDEC is very active in
community health via the social economy fund. CDEC Centre-Nord is currently collaborating with community groups in Villeray to help develop an independent heath care co-operative that can respond to local needs. The CDEC is taking a role in the initial start-up of the project but will eventually step back and out of the cooperative once it is up and running. Another example is Cinema Beaubien in Rosemont- La Petite-Patrie. When the last cinema threatened to close, the CDEC put in place a committee to save it. The CDEC researched the industry, built a business plan, brought public and private funds together and bought the cinema out-right. In 2010, the cinema operates as an independent cooperative and is currently expanding. The initiative as a result has brought more people to the communities’ main street and the cinema is now the second most lucrative in Montreal. They developed a different programme than the others and its offering is unique. It is now independent from the CDEC.

Another service offered by CDECs includes general management consulting services to a large range of businesses. These services are sometimes directly provided by the CDECs while others operate through private consultants. To illustrate the variety of support demanded within a community, the director of CDEC Centre-Nord gave two examples. His first example described CDEC Centre-Nord’s support of a woman starting a communications company ten years ago that today employs fifty people. At start-up, the CDEC provided the entrepreneur with a $6,000 loan and supported her application for additional bank loans. The director’s second example described the CDEC’s support for a new cooperative that would provide a community laundry facility targeting new migrants. The initiative was intended not just to provide laundry services but to also serve as a place for migrants to access information regarding their new community. The CDEC supported this project in the development of their business plan, in their research for funding and in negotiations with the property owner where the facility would be located. Between these two examples, it is clear that business support demands are very different, but the director has added this is what local economic development is all about.

CDEC CDN/NDG has had similar experiences and has developed a guide of best management practices:

A guide which targets individuals, future entrepreneurs and current entrepreneurs. In four chapters, they can find advice, recipes and examples for their projects. It serves the company just starting out or the company expanding. One of the chapters for example (…) is particularly interesting for those who want to start a business but who do not have an idea for an enterprise. Through various techniques of creativity, we have developed a path of 13 steps which allows the reader, at the end, to find a business idea that will correspond to the capability level of the individual, and to their passions, dreams and knowledge (Director CDEC CDN/NDG, 2008, author’s translation).
• Employment

CDECs are also directly involved in employability programmes and the reintegration of the unemployed into the labour market. Some programmes target specific groups and cultural communities such as the Défi Montréal for immigrants. CDECs undertake these projects independently or in partnership with other actors to support people excluded from the labour market and to help them reach personal empowerment.

One such example includes CDECs involvement in a programme financed by Emploi Quebec, Budget d’innitiatives locales (BIL). The objective of this programme is to favour projects and initiatives that respond specifically to the needs of those unemployed. The BIL targets not-for-profit organisations from the social economy who favour people over 18 years old and their reintegration into the labour market. CDECs will participate in these programmes by working with promoters, analysing and recommending projects, and evaluating and following-up on projects at their conclusion.

In addition to involvement in unemployment programmes, CDECs also provide direct training for the unemployed. Since its establishment, the CDEC RESO has accompanied thousands of unemployed people through a variety of voluntary training and work reintegration initiatives. The people targeted are federal government employment assistance and employment insurance recipients and individuals with no income. This particular CDEC offers guidance, educational and vocational information, high school completion, vocational training, job search and internship services.

• Community Mobilisation

Another major activity of the CDEC is the engagement and mobilisation of the community. The practitioners interviewed have a very broad vision and knowledge of their territories and their respective challenges. During an interview, one director spoke of the importance of stopping young families from moving to the suburbs; two spoke of the need for increased housing through urban densification; and two more directors highlighted the constant flux of population within their territory as a problem. Other issues varied from street gangs and violence, to redevelopment of industrial zones, to the integration of immigrants, to the socio-economic relevance of the territorial boundaries and to public transportation. It is not the intention of the CDECs to address and solve all of these issues and concerns, but the directors interviewed expressed an understanding that all these factors somehow influence the economic development of their territory. Consequently, they put themselves in constant interaction and consultation with those who work on these issues. They will support positive initiatives, participate in consultation
practices and use their political influence to progress projects that support the development of an area. The directors and their CDECs are constantly engaging with various entities, groups and individuals to stay in touch with and informed about their area.

Although CDECs have a similar approach with similar tools to LED, the way in which they use these tools sometimes differs from one CDEC to another as explain by the director of CDEC CDN/NDG:

We have the same agreement [between funding agencies and CDECs], we have the same group of tools. The key is how to use them in pursuit of the different objectives within our territories: of the different socio-economics conditions of the territories … Therefore, it is not the approach that is different, the approach is the same, it is the way to deliver services that can differ … I would say, in one word, that each CDEC needs a particular colour that corresponds to its territory … (Director of CDEC CDN/NDG, 2008, author’s translation).

As the director of CDEC CDN/NDG highlights, even if the tools they possess are similar, the challenges and opportunities they face are different. By channeling their resources toward specific areas and by using their networks and political influence, CDECs succeed in developing strategic projects. These projects can be related to the development of a particular industry or to a specific part of the territory. The most common type of project encourages the development of a particular industrial sector.

Amongst the CDECs interviewed, CDEC Rosement-Petite-Patrie appears to be the CDEC most involved in the development of strategic projects. To name but a few of these projects; Technopole Angus introduced the redevelopment of the commercial street St-Hubert and most recently the health technology campus. The health technology campus was incorporated in 2008 and is still undergoing development. The campus offers businesses in the health technologies industry a structured environment for operations including counselling services and access to a network of partners. The campus supports these companies towards commercialisation of their products or services. They have access to expertise in commercialisation, law, exporting, and intellectual property. The director of the CDEC mentions that the mission of the campus is to ensure the development of industry links to health technologies and to support innovation in Quebec by allowing research and development access to commercialisation. This initiative will bring to the area industries and jobs for the ‘new economy’. The centre, according to the director, is a link to existing industry and infrastructure already existing in, or near, Rosemont-Petite-Patrie. This includes the future general hospital CHUM, Notre-Dame Hospital and Saint-Luc and Hotel-Dieu colleges with programmes of health sciences. The director notes this initiative has an impact at the local level, the city/regional level and the provincial level. At the local level, it means the attraction of new types of business, employment creation, up-skilling of the workforce and work
with organisations who support integration of the unemployed in the labour market. The director of CDEC Rosemont-Petite-Patrie describes the links in the following way:

Actually, it is a consideration in all projects carried out by the CDECs. Here we have a technical industry where the owners, the entrepreneurs are often engineers or individuals who have studied sciences. There are also many other technical jobs less specialised to these enterprises. So yes there is always a link to individuals who are unemployed (Director CDEC Rosemont-Petite-Patrie, 2008, author’s translation).

Access to employment for local people is, according to all the participants from CDEC, the overall concern in every project and initiative they develop.

5.5.2 Laval Technopole

Laval Technopole provides leadership with respect to economic development in Laval. The organisation appears to focus its energy on two main activities; industrial sector development and business services. Industry development focuses on five specific sectors; agriculture and food, life sciences, information and communication, fabrication and manufacturing, and tourism. The first four are sectors of the new economy and are structured around poles of development. Laval Technopole facilitates and creates links between private enterprises in these sectors and university research. It also favours commercialisation of research and encourages new technology implementation in manufacturing businesses.

According to the official website, these four sectors grouped together are the main forces in Laval economic development. The poles of development have facilitated a critical mass of businesses, research and educational institutions around each of these sectors. For example, Biopôle is a pole of development for life sciences:

The strength of Laval’s science economy is particularly evident in the life sciences sector. This cluster stands out for its world class pharmaceutical companies, biotechnological ingenuity and contract research organisations. The BIOPOLE is home to two of the six Canadian research centres run by the international pharmaceutical industry. This diversified cluster, whose companies are for the most part located within four kilometres of the university research complex, incorporates all of the components needed to create, develop, produce and market innovations in the life sciences (Laval Technopole, 2010).

As for business services, Laval Technopole has developed three areas; as a centre of local development, an international business centre and real estate development services. In contrast to CDECs who have integrated the CLD mandate to their mission, the Laval Technopole CLD was developed as a separate ‘department’ or area of work. The CLD team’s main functions are to provide counselling services from the conception of a business plan to support funding research
and to support up-skilling and training of the workforce. As the CLD mandate demands, these services are provided to private businesses as well as organisations from the social economy:

Laval Technopole’s international business centre assists businesses seeking to reach new international markets and optimising their supply chain. Laval Technopole’s real estate services serve businesses seeking to establish within Laval. (Laval Technopole, 2010)

The Laval Technopole participant mentioned that one of the biggest changes in the organisation’s practice is the switch from exogenous to endogenous development. A recent challenge called the Growth Challenge illustrates this change within Laval Technopole. The challenge was a commitment from Laval Technopole to place more energy and resources in support of local Laval businesses as opposed to business coming from outside of Laval. It is within the context of this challenge that Laval Technopole increased its business services and committed to increase in future the kind of services needed by local businesses.

5.6 Roots within the community

The governance structures of the CDECs have enabled wide engagement and mobilisation of their community around their respective organisations. Directors interviewed believe that the CDEC approach is unique in North America and possibly within all industrialised and developed countries. Apart from the structure, CDECs also engaged with key actors in the local governance of their territory. For example, they are in contact with their local table de concertation (the tool for community engagement in an area), and the local CSSS (the local health clinics based on the model developed by community groups decades before).37 Another example is the CDEC Rosemont-Petite-Patrie who sit on the Table d'aménagement logements Petite-Patrie. This table undertakes advocacy for community housing. The CDEC is not the representative but it contributes to their reflection.

CDECs also have a network of volunteers supporting their activities. They generally contribute through work committees. For example the CDEC CDN/NDG has several work committees in place:

All our committees, it is volunteers. Employees receive files, build them, present them to committees and the volunteers decide if we should give the loan or subvention. They do it because they have a certain expertise in the area (Director of CDEC CDN/NDG, 2008, author's translation).

The director of CDEC Centre-Nord referred to the community fabric and extensive social networks in their area. According to the director it is through this network that the CDEC participate in the social development of the area.

37 See the first development pattern.
Laval Technopole has developed through its industrial pole, a significant network of businesses working in these areas. They are also very close to the elected members through the CRE and the mayor of the city. Finally, they do not have any mechanism like to CDEC to engage with the wider population, but they have been working with the metropolitan agency Montreal International. Laval Technopole appeared better connected at a regional level than at a local level, apart from their significant business network.

5.7 Governance for Montreal metropolitan community

Directors of CDECs interviewed generally believed that the amalgamation into one city of Montreal encompassing the local boroughs would have been a good model of governance for the Island of Montreal. According to the director of the CDEC CDN/NDG, this model would have favoured the sharing of resources amongst the territories and greater equity. This director added that the debate regarding the language should have been around the inequity on the island:

> It was much more because of economic reasons that previous cities refused to stay inside the boundaries of Montreal than because of linguistic reasons. The sharing of wealth meant that a part of the wealth of rich new districts was redistributed into poor districts and therefore, less services for those cities that were wealthier and ideally more services for the poorer. This vision of sharing wealth did not find its echo in the cities of the West Island, and this is unfortunate that we heard more about the linguistic aspects (Director of CDEC CDN/NDG, 2009, author’s translation).

Even if the municipal fusions found support within the directors of the CDECs, the director of the CDEC CDN/NDG also mentioned the importance of some services to be at the local level, like parks and leisure. Local economic development was also mentioned as an example that could not be replaced by ‘big brother’ regional development. The director from the CDEC Rosemont-Petite-Patrie maintained that LED and regional economic development do not pursue the same objectives. The impact is different and the objectives as well. He believed that CDECs were capable of creating more employment opportunities than relying on a regional approach. The director of the CDEC Centre-Nord also highlighted the difference between local and regional development. According to him, regional agencies would have an international aspect to their mission which CDECs are not responsible for.

The director of CDEC RESO stressed the importance of stability and letting things down:

> Of course, when you look at it, you have the impression that there are structures to the infinite and that they could be duplications, and at the limit competition between structure. I would say that things are slowly focussing; the roles get clearer with time. There have been a lot of interventions in the governance structures in the past 15 years and there is a moment ... when you have to function again. There are a lot of people that on the first occasion, when one thing goes wrong in a borough and we questioned the structure ... we need to give time for these things to settle (Director CDEC RESO, 2008, author’s translation).
Links between the CDECs and regional actors seem generally weak. With the CRE, for example, the director of the CDEC CDN/NDG said that they received information about decisions through personal sources. In general, however, the practitioners interviewed recognised the importance of participating through their work aimed at achieving a broader economic development vision for Montreal. In developing their triennial plan (the PALEE), they all consulted plans and strategies from the City of Montreal, from the Montreal Metropolitan Community, and from various ministries. They made sure that their plans were aligned. The director of the CDEC Centre-Nord described this alignment in outlining how at the local level the CDEC contributes to the development of Montreal:

> Everybody thinks that culture is important for Montreal. We have been active over 7 to 8 years in culture particularly. It is a very important orientation for us and there are many projects that have a metropolitan character. Within the territory, we support in a particular way and we have working relationships with about 30 to 40 artistic companies. We support engagement and consultation and we contribute locally to the positioning of Montreal as a Cultural Metropole (DIRECTOR of CDEC Centre-Nord, 2008, author’s translation)
5.8 Conclusion

CDECs and Laval Technopole have developed two different approaches in regards to economic development of their territory. This can be explained by elements highlighted throughout the LED development patterns.

CDECs were established during Montreal’s second pattern of development and are the result of community organisations’ initiatives. Community organisations were concerned with unemployment and poverty in their districts with the loss and migration of industry and population. Community organisations were empowered by the work of their predecessors introduced in Montreal’s first pattern of development of LED. Social and economic considerations were clearly interrelated in the issues they were facing, and thus the philosophy of community economic development initiatives. The CDECs were supported by all three levels of government, and particularly by the provincial government.

Laval Technopole was also created during, Montreal’s second pattern of development. Its creation occurred at time when suburbs were booming in population and industry. Laval Technopole was initially and remains today dedicated to exploit knowledge based industries of its territory and favour export, a popular approach of the 1980s-90s also promoted by the provincial government through its policies. Prior to Laval Technopole and during the first development pattern, local municipalities were amalgamated to create the City of Laval, a larger municipal government. Local elected body, as seen elsewhere in the metropolitan area, disappeared. The regional and municipal territory became one of the same. Laval Technopole as a result can be considered as a hybrid between a regional and a local economic development agency covering a territory much larger than that of the CDECs.

When the provincial government institutionalised local economic development across the province, it gave this responsibility to the CDECs and to Laval Technopole (with governance by the CRE). The CDECs integrated this mandate into their work in a way that it would serve their mission. In the case of Laval Technopole, however, the fit was not as natural. The CLD mandate became a separate function of the organisation’s activities. In fact, the CLD mandate does not fit the overall mission of Laval Technopole nor its reason of being. The CLD mandate would be better carried by a group of smaller organisations embedded within local communities of Laval.

Both types of agencies (CDEC and Laval Technopole) are important to induce economic development but in different ways. In fact, an argument can be made for establishing CDECs in Laval in light of significant social inequalities appearing. In July 2010, a press release from the
Agence de la Santé et des services sociaux of Laval, the regional health agency, stated that despite the appearance of a strong economy in Laval, several communities suffer from significant poverty. On the other hand, other areas of the Montreal metropolitan region could learn from Laval Technopole’s experience and coordinate initiatives of a larger scale grouping territories to develop industry for exportation.
CHAPTER 6: STORY OF LOCAL ECONOMIC DEVELOPMENT IN AUCKLAND

The following chapter presents the story of local economic development in Auckland and is divided into three periods of development from 1960 until present day.

In developing the story of LED in Auckland three patterns emerged:

- Pattern One: Community development and full employment (1965 – 1985)
- Pattern Two: Initiation of local economic development (1985-2000)
- Pattern Three: Governance and local economic development (2000-2010)
6.1 Pattern One: Community development and full employment (1965 – 1985)

Prior to mid-19th century, Auckland was primarily a provincial town separated from the rest of the country by undeveloped land (Bloomfield, 1967). Auckland can be characterised in many ways as a product of the post-war period. The city only began to grow significantly following the First World War with the growth rate accelerating after the Second World War (Cumberland, 1977). Auckland was the largest metropolitan area in New Zealand, but its political and economic dominance had been unstable. One of the most explicit examples was when Auckland lost its title as the country’s capital in 1865 to the benefit of Wellington.

In its early decades of development (from the town’s establishment in 1840), Auckland’s growth followed general patterns of development for New Zealand. Although Auckland had developed characteristics of a major urban area, its economy remained closely linked with primary industry. According to Easton (1999), by the end of the 19th century New Zealand’s export structure had been well established. It was grass based products of dairy, wool, sheep and cattle exported to the United Kingdom. By that time, Auckland had established itself as the financial centre of the country by channelling capital to pastoralists in various parts of New Zealand (Singleton, 2006) through the Bank of New Zealand.

The invention of refrigeration and the boom in dairy products export encouraged Auckland’s role as the entrepôt of New Zealand at the expense of other regional ports (Stone, 2006). The North Island and land surrounding the Auckland region, in addition, had proven great agriculture productivity. The increase in demand for these products due to war shortages (Cumberland, 1977) and the development of transportation infrastructures and technology in shipping, railway and motor increased the flow of goods from farms and factories of the provinces to the processing plants and port of Auckland (Auckland City Council, 1976):

Contemporary Auckland more than any other centre lies at the interface of national and international economies. It has become the main point of entry of overseas capital in a 24-hour trading world (Stone, 2006, p.241).

Stone (2006) suggested that this switch reinforced the entrepreneurial character of Auckland and ‘contributed to the city’s emerging commercial dominance’ (Stone, 2006, p.233).

After 1945, Auckland experienced explosive population growth with its rate of expansion considerably outpacing all other New Zealand regions (Bloomfield, 1967). By 1966, Auckland had grown to encompass 547,917 people; approximately double that of the second largest metropolitan region in the country, the Wellington-Hutt urban area.
Auckland’s growth can be partly explained by migration of population to Auckland. There was an internal migration from rural areas or other smaller urban centres and an external migration from overseas. The internal migration pattern of the Māori population was significant as only 8% of Māori were urbanised in 1906 increasing to 41% by 1966 (Puriri, 1977). The majority of Māori were located within the North Island.

According to Singleton (2006) the immigration policy became less exclusive to Britain in the early post-war period. Flow from continental Europe rose and Pacific Islanders found work in Auckland’s factories. Of the 15,000 Pacific Islanders who immigrated to New Zealand from 1945 to 1960, 70% chose to live in Auckland. A lot of the Pacific Islanders were encouraged to come in Auckland to take up the low skilled work, as there was a shortage of labour in sectors requiring such employees (Haigh & Dale, 2007). By the end of 1960, the socio-economic profile of Aucklanders had greatly diversified, but varied across the metropolitan region’s population and territory. The highest socio-economic group occupied the eastern suburbs of the city, including Remuera through to Glendowie (Thorns, 1977). The lowest socio-economic groups occupied the central and western suburbs of Auckland city and South Auckland. Significantly, these areas also had the highest proportion of non-European populations.
6.1.1  Welfare system and full employment

By the end of the 1960s, New Zealand had already experienced approximately 30 years of the welfare state system. The main phase of the welfare state system’s development can be traced to the 1935-1949 period corresponding to mandate of the first Labour Government. This was quite unique when compared with most western countries where similar welfare programmes were only started after the Second World War (Hawke, 1992). According to Hawke (1992), the Labour Government elected in 1935 was keen to take direct control to counter the unemployment experienced in the early 1930s depression. To ensure full employment, it chose to be particularly active in managing the economy and developing social security for New Zealanders.

The social ideology represented through the 1938 Social Security Act of the Labour Government favoured equality and better access to a broad range of social services supported by social wages. The social security portfolio of the state rose significantly during this period focusing on health, education and benefits provision (Oliver, 1988). Important improvements were made in these three areas. For example, in education the Standard 6 examination was removed,\(^{38}\) secondary education became freely accessible and the mandatory age for school attendance increased (Oliver, 1988). Benefit provisions included the central initiative offering a universal family benefit in 1946. In health services, the government had progressed towards the provision of a universally available system (Oliver, 1988). Accordingly, by the 1940s a social security plan had been implemented:

The benefits came into effect at once, (...) Between 1939 and 1947, medical benefits were progressively extended to cover all hospital services and pharmaceutical supplies, physiotherapy, X-ray and laboratory services, district nursing, and domestic assistance (Oliver, 1988, p.25).

The benefits to Māori from these measures were reflected in significant increases in the population and declining rate of morbidity and mortality (Puriri, 1977). The benefits were described by Oliver thus:

Cash benefits from social security (especially the family benefit), more employment and better wages, and (from the 1940s on) the effect of urbanisation in bringing people closer to the medical services, had a major impact on the Māori morbidity and mortality rates (Oliver, 1988, p.25).

From 1950 to early 1970s, after the achievements of the Labour Government, the welfare state’s social security remained relatively unchanged (Rudd, 1993).

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\(^{38}\) Standard 6 was an examination that favoured only achievers to access secondary schools.
The economic ideology of the Labour Government during the establishment of the welfare state was that it could manage the economy to ensure employment. Subsequently, New Zealand entered a period during which its economy was highly regulated. The government became particularly involved with import-export management with the objective to minimise the economic pressures from overseas:

Fluctuations in overseas earnings from agriculture have an important effect on the balance of payments. These fluctuations in export earnings and import demands were a regular feature of New Zealand economy in the 1950s and 1960s and were recognised as a serious constraint on continued growth on the total economy (Johnson, 1997, p.138).

The government’s strategy was to minimise the fluctuations described by Johnson (1997) by controlling demand for import products and strengthening exports. With the help of regulation and interventions tools such as licensing imports, the government first focused on managing incomes and imports.

These measures also had a protective function and favour the development of New Zealand owned companies. It is Hawke’s (1992) opinion that local industries grew because of the exclusion of cheaper imported goods. Licensing, which was often touted as temporary, was actually retained as an economic management tool until the 1980s. Oliver (1988) believes that even with these protection measures, from the 1920s to 1960s, the growth of secondary industries had been steady, but not spectacular. In addition, Jesson (1999) observed that many of the local manufacturers were actually owned by British companies as it was to their advantage to be based in New Zealand to avoid import licensing.

The agricultural sector was central to exporting during this period. In the early 1950s approximately 90% of New Zealand’s exports were meat, wool, and dairy products. It was the general belief that agricultural production, and therefore New Zealand’s export earnings, could be raised through greater investment and the application of appropriate technologies. This led to research and development in the agricultural sector (Johnson, 1997). During the 1960s and 1970s, the government implemented a range of incentives towards raising investment within pastoral farming and more strategic marketing and promotion overseas.

It terms of sustaining employment, it can be said that government had been successful as high employment rates persisted up to early 1970s. According to Easton (1999), the narrow productive base of the New Zealand economy combined with the trading relationship established with Britain within the 19th century might explain how the government was able to manage the country’s economy:
The economy was a ‘monoculture’ with an external sector dependant on a single product – grass processed into wool, meat, butter, and cheese – sold largely to the single market of the United Kingdom. The external economic structure has been in place since the end of the nineteenth century, and New Zealand’s politics, society, and internal economic structure has responded to it (Easton, 1999, p.4).

In addition, the country was economically stable and experienced growth from the 1950s into the 1960s. Although New Zealand was experiencing growth and full employment, there was constant concern that the country’s demand would continue to increase imports beyond what export revenue could sustain (Hawke, 1992).

The wool crisis in 1967 marked the end of what has been named the ‘golden age’ (Easton, 1999) highlighting New Zealand’s vulnerability with its small range of exports products and limited destinations. Especially from when the United Kingdom applied to join the European Economic Community in the early 1960s, the New Zealand government and the private sector developed a strategy of export diversification; both in terms of export production and destination. According to Hawke (1992), central government came to see manufactured goods as the engine of growth within international trade. The industrial protection measures implemented from 1938 were built on to this end with measures like export incentives and tax concessions for successful exporters of non-agricultural products.

According to Easton (1999), these strategies were successful and diversification over the 1970s was impressive:

To wool, meat, and dairy exports were added tourism, fishing, forestry, general manufacturing, and horticultural exporting. Britain, which recently as the 1960s took two-thirds of all exports, is nowadays behind Australia, Japan, the United States, Greater China (i.e. the people’s republic, Hong Kong and Taiwan), and South Korea. The export diversification of the 1970s was a magnificent achievement [...] (Easton, 1999, p.4).

During that period, a closer relationship was developed with Australia through the New Zealand Australia Free Trade Agreement (NAFTA). This was signed in 1965 and was later reinforced by a Closer Economic Relations (CER) agreement in 1983. This extended trade between the two countries in manufactured products.

Central government saw manufacturing as a tool to foster regional development. In the late 1960s regional development was placed on the public agenda motivated by a desire to decentralise economic activity away from the Auckland region (Scott, 1977). From the early 1970s, the government officially came to conclusion that interventions were needed to arrest regional imbalance and to develop those areas of the country that were considered to be lagging behind. The regional development programme was established with these objectives in mind.
The programme focussed on providing assistance to areas with lower than average national growth (Scott, 1977). Eleven areas were identified and represented 17% of the country’s population:

Financial incentives apply to manufacturing industry only and include suspensory loans on plant and equipment, training and transfer cost assistance, building mortgage finance, and freight subsidies (Scott, 1977, p.179).

It was generally agreed that the programme had little impact on Auckland’s growth and therefore did not succeed in decentralising the economy (Hawke, 1992; Scott, 1977). Regional development, therefore, was mainly a top-down process and regional-decision making was not really on the agenda at the time (Birks, 1997). The establishment of the Auckland Regional Authority in 1964 was an exception.

Although government did not really commit to regional development during this period, the aim of decentralisation Auckland’s economic activity was revealing. According to Scott (1977) the advocates for decentralisation mostly consisted of companies and institutions from the South Island. This confirms that the almost 20 years of continuous growth of Auckland, there was widespread concern across the country (Bloomfield, 1967):

To Wellington or South Islands eyes, Auckland’s expansionism is an aggressive aggrandizement to be resisted and reversed (Cumberland, p.17).

The 1977 book Auckland at full stretch included a wide range of contributors who explored a variety of aspects of Auckland’s life in the 1970s. The growth of the city was the main concern of the authors. The invasion of productive land, the need for large infrastructure investment and the need to protect the quality of the environment (Bradford, 1977) were some examples of the issues explored in the book. Some contributors proposed measures to solve the overall problem of Auckland’s growth:

Given a commitment to limit the growth of Auckland, there are a number of possible measures which may be considered. They will differ both in their ability to alter the natural growth process and in their political acceptability. One could contemplate trying to tax Auckland firms or goods, or alternatively subsidise the production of goods in centres which can compete effectively with Auckland. Land and building controls could be used to throttle development, or public services could be allowed to degenerate so as to make Auckland a less attractive place to live. Major commercial enterprises could be shifted to alternative locations, and the growth of the port could be limited. (Scott, 1977, p178)

These particular propositions were rather radical. It is, however, interesting to note that many authors focused on measures to restrict Auckland’s growth as opposed to focus on planning and accommodating growth.
Standing as exceptions in their contributions to the book, the Director of Planning at the Auckland Regional Authority (Latham) and the Regional Planning Consultant & Transportation Engineer (Douglass), both working at a regional level at the time and, did worry about the overall planning of Auckland’s region and asked for government support.

### 6.1.2 Auckland: the liveliest

By mid 1970s, Auckland’s population comprised 800,000 people which was more than Wellington, Christchurch and Dunedin combined. Auckland was described as the liveliest city in the country. Cumberland attributed this to the culturally diverse population, the excitement associated with large infrastructural development, the busy port, the beautiful natural environment, the busy roads and peripheral expansion (Cumberland, 1977).

In terms of population diversity, Auckland was recognised as the largest Polynesian city in the world, with 100,000 Polynesians including Māori and Pacific Islanders living in Auckland (Sinclair, 1977). According to Hooper (1977), Pacific Islanders living in Auckland significantly changed Auckland’s living environment:

> Language, physical appearance, and certain customs and modes of dress have made them the most visible of the city’s minority groups, and the impact of their arrival has been accentuated by a concentration in certain areas and a very rapid growth (Hooper, 1977, p.157).

Auckland had by this time developed significant infrastructure including the Auckland University buildings, the international airport, motorways and several cultural institutions like the Art Gallery. Many of the large public works were completed from mid-1950s to end-1960s, and significant work was undertaken to improve sewage systems and the water supply.

Auckland’s natural characteristics were generally recognised as strong attributes of its personality and contributed to the provision of an enviable lifestyle. It had unique coastlines, harbours, and volcanic features. Although Auckland had developed as a scenic maritime city, its location on an isthmus generated a series of issues. The dispersion of population on a complex geographic territory presenting an amalgam of land and sea emphasised the problems of access. It also made it harder to service a growing population. According to Cumberland (1977), the busy roads and the peripheral extension brought life to Auckland, but it also brought significant traffic problems.

According to Stone (2006) Auckland was a commercial city with entrepreneurial characteristics. From early on Auckland had been the place for trade and commerce, a lot of it based on servicing the farming sector. The development of high-rise buildings and concentration of financial sector institutions over the later twentieth century reaffirmed the importance of commerce and business
in the city (Ritchie, 1977). As the proportion of the labour force employed by services industry increased, there were suggestions that ‘an unproductive structure was being built on the back of real workers’; those ‘real workers’ being implied as those from the primary sector located elsewhere in New Zealand (Hawke, 1992, p.428).

By describing Auckland as the liveliest city in the country, Cumberland (1977) articulated a viewpoint that was not dominant at the time. The image of cities in general was said to be characterised by pollution and social problems. Reaburn (1975), for example, expressed this perspective:

Most of us have the uneasy feeling that the rapid growth of the cities is somehow connected with an increasing number of social and personal problems: violence, mental illness, loneliness, broken families, and so on (Reaburn, 1975, p.1).

Auckland did not escape this stigmatisation.

6.1.3 Auckland and suburbanisation

Auckland had a very dispersed urban population, if compared with other cities internationally. The trends of suburbanisation which began before the war (Bloomfield, 1973) continued over the current period of interest. The proportion of the metropolitan population living within the centre of Auckland declined from 48.5% in 1916 to 23.3% in 1971 (Bloomfield, 1973). The urban area was no longer structured around one centre but rather a series of smaller town centres. Manufacturers and shopping centres also moved from Auckland city towards the suburbs and were replaced by shops and offices in the inner city. The inner city lost approximately 14,041 workers between 1962 and 1973 (Taylor, 1977). Industries mainly moved to the outer areas of the isthmus, concentrating within South Auckland and the Penrose-Mount Wellington and Otahuhu areas.

The improvement of transportation infrastructure and the increase in car ownership was often described as one of the causes the disparities and the suburbanisation of Auckland (Auckland City Council, 1976). Better transport links like motorways, which opened up such areas as Te Atatu, Otara, and Manurewa, and the Harbour Bridge (which opened in 1959) had made the North Shore more accessible (Bloomfield, 1973).

Because of suburbanisation and the low population density, Auckland’s centre was expensive to access (Cumberland, 1977). In the meantime, population growth continued, feeding into the suburbanisation phenomenon. Local authorities had their resources strained trying to face the challenges from growth including the improvement of the water supply and sewage facilities (Bloomfield, 1973):
The growth of peripheral areas and reduced isthmus populations are creating a paradoxical situation. The areas where the population is dropping are precisely those parts of the city where there exists a wide range of governmental and local authority services (NZASW, 1976, p.25)

Social Services were not developing fast enough in the areas of growth. For example, west Auckland’s population rose from 55,200 in 1961 to 109,750 in 1975 (NZASW, 1976). With a high proportion of young families, the demand for social services peaked (NZASW, 1976):

In Massey, the peak demand for primary school places is posing major problems due to the delay in constructing new schools facilities. Prefabricated buildings are being utilised to meet this demand. The result is an extremely poor quality teaching and learning environment ... (NZASW, 1976, p.24).

Central government had also contributed in improving public services within Auckland including main road development, traffic control and housing. By the 1970s significant government state housing developments had been completed.

Between 1963 and 1973, the overall public expenditure for the development of servicing Auckland almost doubled from $30,000,000 to $58,000,000 (Latham, 1977). But under the threat of an economic crisis, a fall of living standards was predicted (Latham, 1977). In many ways, it was felt that the growth was out of control and Auckland was badly equipped to face this challenge. Auckland’s local authorities in the 1970s were described as fragmented and ad hoc by Bloomfield (1973). These had been created one hundred years before in order to meet the requirements of villages and small towns (Cumberland, 1977):

The expanding networks of motorways in the urban area made many of the boundaries of the local authorities appear increasingly irrelevant to the new patterns of urban development (Bloomfield, 1973).

Boileau (1977) argued that local government was focussing on meeting expressed demands without any real attempt at coordination.

6.1.4 Auckland’s government

By 1975, the Auckland region had 31 territorial bodies including 3 counties, 27 boroughs and 1 district council. It also contained 19 ad hoc organisations. For 50 years, amalgamation was on the agenda without much success. In 1931, there were 31 local authorities and likewise in 1975:

Although some areas were merged with the city {Auckland city}, new areas were formed in the expanding suburbs ... (Bloomfield, 1973, p.15)

According to Bush (1997), Auckland City council was particularly active in trying to convince ‘every local body on the isthmus’ of the benefits of amalgamation. Outside of the city centre, one of the
significant accomplishments - if amalgamation is considered as an accomplishment - was the merger in 1965 of Manurewa Borough with Manukau County which became Manukau City.

Territorial local authorities were mainly concerned with the delivery of traditional services such as cemeteries, roads and lighting, traffic control, housing, flood control, pest control, fire central, civil defence, parks and reserves among others:

The aims and purpose of local government in New Zealand have been modest and pragmatic in coping with the practical needs of the population but not in determining the urban character of destiny (Boileau, 1977, p 47).

Many services were provided by the ad hoc boards with several on a substantial scale (Bush, 1977). Amongst these, for example, were the Fire Board, the Harbour Board and the Power Board which each employed between 366 and 1,287 staff, and managed massive budgets.

In 1964, the creation of the Auckland Regional Authority (ARA), which was the first of its kind in the country, was meant to respond to the need for regional planning. It took over the Auckland Regional Planning Authority, and the role changed from advising local government in planning to establishing objectives for growth and change in the Auckland region (Boileau, 1977). In terms of boundaries, the ARA simply adopted the boundaries set by the Department of Statistics defined in 1961 for statistical purposes.

According to Boileau (1977), the role of the regional plan, which was the ARA responsibility to develop, was not clear. This was due to the non-precise legislation which did not assist the ARA in assuming the function in regional planning. According to Bush, the ARA then took a long time to make its place in the region (Bush, 1977).

In 1971, the ARA was the largest local authority in New Zealand. It took over a series of responsibilities including regional roads, civil defence, regional planning, parks and reserves, sewage disposal, the Auckland International Airport, and bulk water supply in urban areas. Not all of these applied to the whole region, but nonetheless, its achievements were remarkable and the execution was very efficient (Bush, 1977). The 1974 Local Government Act attributed significant flexibility to the ARA:

The Act exempted the ARA from its financial provisions; handed to it the right to share in the proceeds of the petroleum tax, and stipulated that nothing would derogate from the functions and powers of the ARA. In other words, the ARA had generally proved itself capable, and had earned the right to plot its own destiny. (Bush, 1977, p.247)

In 1977 the ARA’s total expenditure had been $86,356 million, comprised of represents grants and subsidies ($17.4 million), loans ($26.6 million) and revenue ($24.1 million) (Bush, 1977). The ARA
stood as a model for regional planning and development, and also emerged as a defender of the environment pushing the boundaries of regional development philosophy towards a more liberal vision (Bush, 1977).

### 6.1.5 Auckland’s industrial development

In Auckland, industries started to develop after the World War Two and under the influence of the government protection (Taylor, 1977). Between 1962 and 1970, employment in manufacturing in New Zealand increased by 26.2% reaching 241,650 jobs, a growth highly concentrated in Auckland. By the early 1970s, Auckland had around 100,000 jobs in manufacturing (Scott, 1977 and Taylor, 1977 and Taylor & Le Heron, 1977). It had become the greatest industrial centre of the country (Stone, 2006). Stone (2006) explains this centralisation:

> Because industries in New Zealand tend to be market-driven, and with Greater Auckland providing the greatest concentration of consumers of goods and services in the country, fresh industries have tended to establish themselves there, while existing southern industries have been increasingly drawn to the north (Stone, 2006, p.241).

Apart from the servicing and processing of the New Zealand agricultural industry, Auckland also developed an economy based on the processing of imports of material and components (Singleton, 2006). It is hard to know if the protectionist measures implemented by central government in terms of industrial development contributed to the long term economic development of Auckland or not. Auckland had made great progress during the post war period up to mid 1970, but it was hardly an industrial centre by international standards. Singleton (2006) argued that, if protection was a boom to manufacturers in cities such as Auckland, it let Auckland with less competitive and less focussed industrial firms. The government measures had simultaneously encouraged the expansion of manufacturing in other smaller urban centres, which had possibly restricted the full development of Auckland’s manufacturing sector.

In addition, the later regional development policies had possibly slowed down Auckland’s growth, although the initiatives may not have been significant enough to do so. In any case the government did not reach the objective of decentralising economic activity away from Auckland.

Suburbanisation of manufacturing, as mentioned earlier, was another trend of the Auckland economy. For example, food, drink and tobacco manufacturers as well as clothing and leather manufacturers relocated mostly in South Auckland. Up to the mid-1970s there was full employment in New Zealand and the economy was relatively stable, so it could be supposed that the workers lost from the city centre had found alternative employment, commuted or followed the suburbanisation movement and relocated to the suburbs, closer to their employment.
From 1975 to 1984, New Zealand’s economy was deeply affected by two serious interrelated oil crises, a significant rise in inflation and an increase of unemployment (Singleton, 2006). The rapid raise of inflation impacted directly of living standards rising commodity price:

In response to inflation the government became involved in trying to restrict wages and control prices, including a price freeze. According to Oliver (1988), these measures were not very effective. In response to increased unemployment the oil crisis, the National Government put in place tighter economic regulations as well as implementing a capital intensive development programme (euphemistically referred to as ‘Think Big’). New Zealand was going through a hard time with exports and a larger proportion of the world income was being directed to oil producing countries (Hawke, 1992). Because of the rise in the price of oil, the government’s objective was to use New Zealand’s natural resources such as natural gas, hydroelectricity, forestry, and iron sands, which were seen as potentially more valuable in the international marketplace (Hawke, 1992).

The Think Big programme included:

... large scale investments, including the expansion of the New Zealand Steel plant at Glenbrook near Auckland and Marsden Point Oil refinery, with a view of attaining a durable improvement in the balance of payments (Singleton, 2006, p.23).

The programme included large scale projects and components, sustained by large government investments and exposure if they failed. According to Easton (1999) none of them reached the potential that was expected, and the fiscal burden rose. More categorical, Singleton (2006) argued that the projects actually failed due to inadequate costing and the involvement of too much risk. The government also addressed unemployment by putting in place a jobs creation scheme. This was an attempt to reintegrate surplus labour. In addition the ARA complained that that the ‘Think Big’ programme promoted regions other than Auckland even though the largest city had the greatest number of unemployed in absolute terms (ARA, 1982).

The unemployment level in Auckland in 1982 was estimated to be around 12% (Auckland Regional Authority, 1982). The Auckland Regional Plan produced by the ARA in 1982 forecast lower growth rates. The plan also explained how unemployment was not equally dispersed amongst the population. The most affected groups were youth, females, and Māori and the Pacific Islanders. The workers losing their jobs were, therefore, often the same sectors of the population who were brought in from the Pacific Islands or rural New Zealand to take up low skilled work during the post war period (Haigh & Dale, 2007). There were growing signs of poverty and social distress.

As the government supported the population in response to those areas of social distress, further welfare services were implemented, such as the domestic purpose benefit, accident compensation
and national superannuation. As a consequence social welfare expenditure rose significantly during the 1970s (Hawke, 1992). At the same time some areas of welfare services were losing ground. For example, the overall cost of medical services had steadily increased and a dual system of private and public services became firmly established. In the 1980s, one third of New Zealanders were covered by a private insurance scheme (Oliver, 1988). Schools were far from being free (Oliver, 1988).

6.1.6 Community development

The story of community development in New Zealand is usually recognised to have started with the establishment of the community advisors in the early 1970s (Haigh & Dale, 2007). Voluntary agencies were, however, the pioneers of social services. For decades, they monitored and revealed new needs to statutory agencies (NZASW, 1976). These voluntary agencies - 200 could be counted in Auckland in 1977) (Harwood, 1977) – included a large range of nationwide organisations like Red Cross, Al-Anon and the Anglican Methodist Social Services, as well as groups unique to particular areas like Massey Community Contact. Some aspects of welfare services were organised by these groups (Bloomfield, 1973):

Welfare services attempted to meet every contingency and misfortune, not simply with benefits, but also with the professional services of a burgeoning army of social workers. Though many of these services provided by voluntary organisations, especially residential care for the aged, they were in considerable measure subsidised by the State (Oliver, 1988, p.31).

The community advisors were appointed by local authorities as part of the planning unit. They were first allocated to localities with urgent social issues. Within greater Auckland the first Community Advisors started in Manukau City, then Auckland City (focussing on Ponsonby/Freeman’s Bay and Glen Innes), Howick and New Lynn (Haigh & Dale, 2007). There was generally one community advisor per area with two main mandates; establishing Citizens Advise Bureaux (CAB) and involving local people in community activities (Shirley, 1979).

The CAB was developed on a British model and acted as an intermediary between the client and the available resources:

Families requiring food parcels where channelled to agencies such as Red Cross; young men with drinking problems were put in touch with Alcoholics Anonymous; women suffering from ‘suburban neurosis’ were provided with child care assistance and then referred to groups or practitioners specialising in neurotic disorders; ‘delinquents’ in conflict with the law were given legal assistance and then encouraged to join a local-based youth club run by young Presbyterian Minister (Shirley, 1979, p.73).

In addition to the community advisor of the local authority, there were also a range of welfare organisations, statutory and voluntary, staffed by outsiders and working in the same areas of
social distress. According to Ian Shirley (1979) who worked as one of the first community advisors in Glenn Innes for four years, the large number of organisations present in the area stigmatised it by constantly framing it as being dominated by ‘social problems’.

There were many actors involved in providing social services from voluntary groups to statutory groups to local government authorities and central government and each had their own interpretation of their role in providing social welfare to communities. The coordination of all these services was a real challenge that community workers and the CAB were meant to tackle (NZASW, 1976).

By the mid-1980s, unemployment was still high and the need for social services and employment support was also proportionally increasing. The government, because of its financial situation was content to leave further welfare functions to voluntary groups and to partner with local authority and community organisations to assist the unemployed. Unemployment had become a problem for everybody:

The last few years have brought rising levels of unemployment, a high level of inflation, and reduced growth in investments and public spending. Matters which traditionally have been considered the responsibility of central government or private sector have now become the concern of all (Auckland Regional Authority, 1982, p.11).

The period from late 1960s to 1984 can be seen as a period of transition in New Zealand (Shirley, 1991). The welfare system stayed in place, only slightly altering from the end of the 1930s right up the mid-1980s (Oliver, 1988), however significant social and economic changes were challenging the capacity of the government to continue to manage the country in the detailed way it had done in the past (Easton, 1999). The economy was going through significant restructuring and new patterns of consumption along with and material aspirations had become apparent. It became accepted that more flexibility was needed in managing these new dynamics.

From 1986 to 1991, the Auckland region grew by 8.1% (70,329 people) as opposed to the national growth rate of 3.4% (Koziol & Bu, 1993). By mid 1991, Auckland had reached a population of 885,571 people (1991 Census data cited in Le Heron and Pawson, 1996). The growth was attributed to a natural increase in the population as opposed to internal migration which was the dominant trend of the previous pattern (Koziol & Bu, 1993). Auckland only had a net gain of 3,467 people from internal migration between 1986 and 1991 compared to 11,691 between 1981 and 1986 (Koziol & Bu, 1993). However, international migration started to grow significantly mainly over this time due to changes in the country’s immigration laws. Auckland had a net gain of 13,392 people from 1986 to 1991 from international migration, compared with 8,580 people from 1981 to 1986 (Koziol & Bu, 1993). Within the Auckland region, the growth of population was mainly centred in West Auckland (11% growth), South Auckland (9.7% growth) and rural Auckland (15.9%).

The high growth rates in south and west Auckland were mainly attributed to natural growth. These areas had a high concentration of Māori and Pacific Islanders who had higher fertility rates at the time and younger population profiles. In 1991, there were well over 100,000 Māori and 100,000 Pacific Islanders in the Auckland Region (Koziol & Bu, 1993).

Although the Māori population had a high natural increase rate (5.9%) between 1986 and 1991 (ARC, 1993), the Auckland region overall experienced a net loss of Māori during the same period. Many Māori who migrated from the Auckland region returned to their community of origin, elsewhere in New Zealand. These migration trends included both young Māori fleeing unemployment in Auckland and retirees returning home. Central Auckland also had the highest proportion of the population in other ethnic groups including Chinese and Indian. Central Auckland tended to be the preferred first destination of new migrants and this represented an historic trend:

Central Auckland has been the main destination for migrant groups, including Taukahere Māori people and people from Pacific Islands. South Auckland and West Auckland have been the main areas of state-sponsored lower-cost housing development since the 1960s and have attracted large number of Māori and Pacific Islands people. The Māori and Pacific Islander population in central Auckland are comparatively older and slow-growing compared to those of West and South Auckland which are young and fast growing. (ARC, 1993, p.40)

According to this report, central Auckland had been the first choice for migrants, who eventually moved out to the suburbs. The quote implied that the development of state housing attracted families of Māori and Pacific Islanders towards South and West Auckland. MacDonald (1986)
Consumption behaviour was changing and the effect of the change was particularly evident in Auckland. The multiplication of restaurants and night clubs, as well as the creation of the magazine Metro were seen as the expression of a new culture (Jesson, 1999):

A greater variety of uses has blossomed in the inner city entertainment, specialist retailing, gymnasium and recreation facilities, services apartments, tourist accommodation, small businesses and education facilities. (Le Heron and Pawson, 1996, p.297)

6.2.1 Reforms of the new right

By the 1980s, the New Right had reached political popularity on the international scene, especially within English speaking countries. Margaret Thatcher in Britain and Ronald Reagan in the United States had become emblems of this political movement based on neo-liberal theories. This ideology was based on the overall belief that the most efficient way to allocate resources was through the market, with minimal interference from the state. In New Zealand, the New Right influence ironically gained ground within the Labour Party, the very same party who had implemented the welfare system in the 1930s. The New Right was promoted by a small group within the Labour Government and in conjunction with members of the Treasury and at the Reserve Bank, who assumed an unusual amount of power (Shirley, 1991). Outside of the government, the New Right was supported by the Business Roundtable and the financial sector and some middle class liberals (Shirley, 1991). After their election in 1984, the Labour Government implemented a series of reforms based on their neo-liberal ideology. It is fair to say that no other democratic country went as far as New Zealand in their implementation of this ideology. International observers including the OECD and the IMF spoke about the ‘New Zealand Model’ (Harris, 1999).
The new Labour government based their reforms on the argument that New Zealand was facing economic collapse (Jesson, 1999). High inflation rates, growth stagnation, heavy public debts and relatively high unemployment – products of the difficulties of the 1970s and ‘Think Big’ policies - were used as evidence of this. Labour focused its reforms in its first term in power on economic and fiscal policies, engaging in financial deregulation and in market-led restructuring.

This process included the abolition of interest rate controls and a significant decrease in protectionist measures like imports controls, wages and pricing controls and agricultural subsidies.39 Money could now flow in and out of New Zealand with less restriction. In 1984, the government devalued and floated New Zealand dollar40 in moves to encourage further depreciation and in support of exports. It was also seen as being in line with the deregulation of the financial system (Jesson, 1999).

The government also implemented a restrictive monetary policy41 to fight inflation. Reducing inflation became the central objective from the government, as it believed it would ensure price stability. The objective of reducing inflation was given to the Reserve Bank and removed from political influence (Barry, 2003). The Reserve Bank implemented money supply restrictions, and in parallel with other initiatives,42 the interest rates were raised. In a regulated financial system, this should have restricted borrowing and reduced inflation, but in the newly deregulated financial system the opposite occurred. Foreign investors attracted by high interest rates poured money into New Zealand, causing the forcing up of exchange rates and inflation. The subsequent consequence was a significant increase in private sector borrowing and a boom in asset prices which encouraged speculation. The more money lent on property, more prices rose. Owners then sold for quick profit; more money was lent to purchasers and prices rose further. Eventually, this bubble burst. A lot of property companies which had been set up in Auckland were affected (Singleton, 2006):

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39 Some of these changes were, however, already in place before 1984. Neill (2010) argues, for example, that the trade liberalisation measures were already in process before Labour’s election under commitments made by the New Zealand government in GATT and the development of the CER agreement with Australia.

40 This meant that the market was now controlling the value of the dollar as opposed to Government. The equilibrium between supply and demand of money was meant to establish the value of the dollar. In that sense, the dollar became a commodity.

41 First, inflation was seen as a consequence of having too much money in circulation (Jesson, 1999) and the government tried to control the supply of money. This intervention was unsuccessful and as such was abandoned by the government. The government returned to controlling interest rates as a means to control inflation (Jesson, 1999).

42 As the Reserve Bank planned further devaluation of the dollar after it was floated it encouraged high interests’ rates to protect it (Jesson, 1999). In addition, the government deciding to finance its deficits on domestic money markets also pushed for high interests rates (Shirley, 1991).
Investment poured into finance and property. Of 288 companies listed on the stock exchange in 1987, 122 were involved in investment and property. Much of the money they spent was wasted, in the form, for instance, of the half emptied buildings that littered downtown Auckland after the crash. ‘It was that strong bias towards investment and property – coupled with the massive borrowings these companies accumulated – that cause the New Zealand share market to fall further, the fall to last longer and the impact on the economy to be greater that anywhere else in the world’ (Gaynor, 1997c cited in Jesson, 1999, p.105).

Prior to the share market crash, there was a certain amount of euphoria directed at share market speculation, with encouragement by the media (Shirley, 1991). A large proportion of the financial institutions were located within Auckland, which was also where much of the investment in the housing market was channelled. Two weeks before the share market crash the Labour government was re-elected for another term. When the share market crashed in 1987 and investors lost their savings and companies collapsed, the impact was most spectacular in Auckland:

New Zealand was not an attractive place for investment. The sharemarket crash of 1987 had a deep impact, especially in the property sector, and the climate of opinion most obviously in Auckland remained pessimistic (Hawke, 1992, p.446).

In response to the share market crash the government temporarily reduced interest rates, but nevertheless sustained tight monetary policies for years to come. The Ministry of Finance, Roger Douglas, explained that the reforms needed to be accelerated for better performance (Douglas, n.d. in Barry, 2003), and the crash was blamed on New Zealanders’ inexperience within the new open financial system.

By 1991 the government achieved low inflation (Hawke, 1992), but had failed to meet other objectives in reforming the New Zealand economy. The cost of maintaining high interest and exchange rates had provided a significant advantage to imports as opposed to exports. In the longer term investment, internal activities and production were disadvantaged. Farmers in particular were highly affected by the reduction of export revenue and the high interest rates on their investments. This resulted in high unemployment. Unemployment was at 12% by the beginning of 1989 (Dalziel, 1989). In 1991, Māori unemployment had reached 27% (Rice, 1992). Parts of Auckland region with old manufacturing employment and a large proportion of Māori population in areas such as South and West Auckland were most affected. The migration out of Auckland of the Māori population can certainly be attributed to the rise of unemployment within these areas.

The New Zealand economy had moved into a deep recession:

In three years to November 1988, employment fell by 64% in forestry, by 39% in transport equipment (including railways workers), by 29% in mining, by 22% in communication (telephone
and postal services), by 14% in transport (including railways) and by 12% in electricity, gas and water. In the private sector, competition from imports has cut 35% of the workers off the payrolls of electrical machinery makers (including whiteware) and 30% off those of the clothing and textile industry (Labour Quarterly Employment Surveys). Without subsidies, farmers had cut back their stock numbers (Collins, 1989, p.191).

The New Right groups leading the economic reforms believed that it was to be expected that the reorganisation of the New Zealand economy would cause some ‘social dislocation’ as well as the closure of uncompetitive industries (Oliver, 1988). From this perspective, unemployment was a normal transitional cost necessary for the development of a high performing economy. The old goal of retaining full employment was set aside to the new objective of growth. The new government believed that an open, competitive and market-led economy would establish the necessary conditions to generate economic growth and would direct business towards what the consumers wanted (Collins, 1989). The focus of full employment was therefore seen as contradictory to the goal of low inflation. When there was high unemployment, more people were chasing the same jobs which encouraged competition. Workers were, therefore, ready to accept lower wages allowing companies to put their prices down and thereby reduce inflation. In the documentary The Land of Plenty; The story of unemployment in New Zealand produced in 2003 by the Community Media Trust, the economist Peter Harris explained that Treasury always seemed nervous when unemployment was down around 6%. Although he noted that the Reserve Bank always denied it, he believed now that it was the ‘acceptable’ unemployment level for any review of monetary policies and this ensured that unemployment would remain at that level.

Positions regarding the evaluation of these reforms are polarised. From one side, some like Hawke (1992) believed that the reorientation of a more market-oriented society encouraged New Zealand’s industries and managers to develop the skills required to be competitive internationally, as opposed to their traditional focus on political lobbying. Before the 1980s some industry groups put significant resources into exerting their political influence to uphold industry protection policies. Hawke (1992) argued that the changes were very significant and the reforms had been an effective way to put “inefficient” producers out of business. On the other side, some like Collins (1989) believed that it was difficult to find even one industry which really prospered from these changes. Collins argued that the reforms had failed to produce businesses which could replace those lost from the primary sector (Collins, 1989). Nevertheless, he found that one industry sector did benefit from the reforms:

The prime example is finance and business services, where jobs had grown from 21% in the three years to November 1988. This sector flourished to help business cope with the new environment, particularly managing foreign exchange transactions such as previously restricted overseas borrowing and investment. (Collins, 1989, p.189)
During its second term the Labour Government extended their reforms into the state sector. Private sector practices were injected into government departments wherever possible and many public institutions were re-established as State Owned Enterprises (SOE). The public sector’s market and non-markets activities were separated where it was considered that service deliveries could be best managed by the private sector. Under the State Sector Act adopted in 1988, private sector practice was adopted across the board and a process of privatisation was implemented.

To lead these changes, businessmen from the inner circle of the Business Roundtable were recruited. According to Jesson (1999), they eradicated anything that did not fit and a culture of finance with focus on efficiency and profitability. These transformations were imposed on hundreds of organisations throughout New Zealand. For example, the state-owned power company Electricorp, formed out of a state department during the first mandate of the fourth Labour Government was later privatised.

Telecom was changed into a public-private partnership which was sold later. The sale of public assets such as those will be referred to by New Zealanders as the sale of the family silver. They were motivated by two main factors. First, there was an ideological assumption that the private sector would run these assets with more efficiency than the public sector. Secondly, it was believed that the returns from the sales would help to pay off public debt. The commercial value of the assets was estimated to be more than the money that could be expected from their retention as public assets.

The financial industry had been advantaged significantly from this process of privatisation. For example, the finance industries earned $100 million in fees for handling the privatisation of Telecom (Easton, 1999). Easton pointed out the irony:

There is an irony in all this. Dealers are insistent that no industry or firms should receive a government subsidy or other form of assistance. But their own industry collapse in the chaos that followed the 1987 sharemarket crash, they rushed to government for hand-outs in the form of privatisation fees (Easton, 1999, n.p.).

The fourth Labour Government neglected social policies during its first term, however the change in the tax regime by reducing the personal tax scales and the introduction of a Goods and Services Tax (GST) in 1986 had important social implications:

This major shift from direct to indirect taxation imposed on heavier burden on middle and low income groups, whose members could not avoid paying more for essentials, while upper income groups enjoyed a greater disposal income thanks to the lower personal tax rates (Rice, 1992, p.486).
The government put together a Royal Commission on Social Policy which received advice from groups and taskforces concerned with social policies and reported in 1988 (Rice, 1992). The government ignored most of the recommendations made by any of the groups and the report from the Royal Commission (Rice, 1992). Instead it continued its process of state restructuring and extended reforms to the areas of education and health. For example, it rationalised health into Area Health Boards and emphasised responsibilities related to the efficiency of the use of fees. Decentralisation for greater accountability was one of the main principles:

The fourth Labour Government had embarked on a fundamental reform of the Public Service, resulting in the dismantling of the “long established, unified career-based” civil service, which had grown enormously within a framework essentially unchanged since 1912, and replace with ‘a smaller output-oriented, departmentally based structure’. Under the State Sector Act (1988), Chief executives were appointed on short term contracts which played great emphasis on accountability and managerial performance, and several government departments were massively restructured, while some commercial activities (such as government printing office) were sold off, and delivery functions were contracted out to the private sector (Rice, 1992, p.492).

After the election of the National Party in 1990 the reforms were furthered. The new government decided to limit welfare dependency by reducing the number of social benefits. In addition, tertiary education was reformed towards user-pays and the institutions were corporatised. It extended the user-pays financial tool into health services and health services were also encouraged to be contracted out, from public to private and/or voluntary providers (Rice, 1992). There was a general move away from universal social assistance towards focussing on individuals considered to be most in need:

National’s Government reforms constitute such a striking contrast with the settled pattern of the previous half century that the term revolution is not inappropriate especially in view of the speed of change, the lack of public consultation or mandate and the ideological rationales offered by way of justifications (Rice, 496).

Considering the extent of the reforms introduced since 1984, it is reasonable to ask where the opposition was? Comparisons in this respect can be drawn with Margaret Thatcher and Ronald Reagan in their respective countries. The literature offers a series of explanations. For example, Jesson (1999) argues that New Zealand was at that stage a ‘hollow society’ and lacking a centre of resistance:

The fatal flaw was not in the individuals who makes up this society, but in the lack of texture of that society itself. There were not sufficient institutions or networks that were independent of either the finance culture or the state. The unions, for instance, succumbed without resistance, which in not surprising with their dependence on the state (Jesson, 1999, p.203).

Jessons believed that the unions were inefficient and bureaucratic and highly dependent upon the state. There were also circumstances at the time which offer an explanation of the weak
resistance. Firstly, there was the confusion of the situation. The reforms were led by a Labour Government and did not fit with the traditional philosophy and values of the party that established the welfare state. To add to the confusion, simultaneous to these economic reforms the government implementing policies such as New Zealand’s nuclear free legislation which suited the traditional Labour agenda. Confusion was also reinforced amongst the unions as this was not an ‘anti-union’ government; it was traditionally friendly to them.

The second point was the speed with which the government executed its reforms. It was so fast that it left little time for consultation and for preparing a credible alternative and/or for organising efficient opposition. This is illustrated in a quote by Douglas:

> Once the programme begins to be implemented, don’t stop until you have completed it. The fire of opponents is much less accurate if they have to shoot at a rapidly moving target (Douglas, 1993, cited in Jesson, 1999, p. 106).

Overall, Shirley believed that the New Zealand electorate did not have the right mechanisms in place to protect the country from such radical changes, nor stem the power of influence of the New Right ideology at that time:

> This power was inevitably enhanced by the administrative structure of the government in New Zealand which lacks the constitutional safeguard of other western democracies (Shirley, 1991, p.10).

In the context of this research, two main consequences of the reforms should be emphasised. The first one was the implementation of a ‘financial culture’. Within the public sector, it meant the development of new financial objectives for the maximisation of productivity. This output-oriented culture seems misplaced for some organisations which have broader social, environmental and cultural purposes. The separation between delivery and policy and the outsourcing of delivery services was also a significant change worth highlighting.

The second consequence was the decentralisation of power in areas defined as ‘social sectors’ including employment. In the previous system, employment was part of economic development policy with full employment as a priority in legislation directing the Reserve Bank. The social services were important as they provided the environment for a skilled and healthy workforce. Both economic and social policies were developed in parallel at that stage. After 1984, little intervention in economic functions was allowed by the state. Social development became decentralised to localities. Unemployment was seen as being better dealt with at the local level and was separated from macro-economic policies. In the social domain central government pursued collaboration with not only the private sector but community groups as well, especially in
the delivery of unemployment services. Decentralisation was seen as a positive initiative as far as traditional Labour Party supporters were concerned:

Although opposition to the social implications of the economic liberalisation was mounting, largely because of the New Right’s systematic attack on the welfare state, the devolution of social services to local control reinforced a long standing commitment of traditional labour party supporters who were philosophically in favour of community participation (Shirley, 1991, n.p.).

6.2.2 Auckland’s economy

In 1993 Auckland remained the dominant New Zealand region in terms of production and services employment. It encompassed 35% of manufacturing jobs, 37% of transports and communication and 39% of business services (Le Heron and Pawson, 1996). The service industry was also growing in proportion compared with the manufacturing sectors.

A study completed by Perry in 1989, Demand and Supply of Business Services, explored the composition of the service industry within the Auckland Region with a particular interest on business services. It presented a series of interesting results:

First, it showed that between 1976 and 1986, employment in the service industry grew by 33.3% compared with a decline of 1% in the manufacturing sector. The job expansion in the service industry during this period was partly due to the growth and establishment of monetary institutions who had provided 5,440 new jobs. This increase seems too corresponded with the economic reforms and therefore an urgent need financial advises.

Second, business services accounted for over half of the relative growth within the service industry. In 1988, there were 6,579 firms in the business services sector within the Auckland region, which corresponded to 33,237 full time job equivalents. These firms operated within fields such as marketing, data processing and consultancy. The greater market orientation and increased competition instigated growth in demand for these types of services, as businesses accessed them to ensure their survival.

Third, Perry (1989) observed that New Zealand’s service exports had been growing particularly in the case of data processing and engineering services. He also identified the fact that international ownership within the business services sector was significant since the government relaxed the controls on investment by overseas companies. This increase was most apparent in the data processing and engineering services sectors.
Fourth, part-time jobs accounted for 40% of the job increase within the service industry especially in welfare, restaurants, retail and personal services. Aside from the business services sector, the quality of employment within the service industry tended to be low and it is doubtful that it replaced the manufacturing employment lost in Auckland. Le Heron and Pawson (1996) showed that in New Zealand overall, the quality of the jobs in the service industry did not match those within the manufacturing industry lost. For example, the jobs lost in the meat industries affected especially South Auckland (Haigh & Dale, 2007). The jobs in the service industries often offered low wages and were part time.

There was an increase of high skilled workers who occupied the high end of the jobs within the service industry, but according to Le Heron and Pawson (1996):

The largest occupational groupings in the sector (service sector) in absolute terms are those comprised of less skilled jobs: clerical workers and sales and service workers (Le Heron & Pawson 1996, p.94).

The polarisation between the skilled and the not skilled was particularly evident in Auckland. A lot of New Zealand high level jobs were created within Auckland’s inner city while unemployment tended to concentrate in what were ‘working class suburbs’ (Le Heron & Pawson, 1996, p.96). Low skilled workers who lost their jobs from manufacturing were unlikely to be the ones employed within the high end of the services industry, for example, in marketing or engineering firms.

These changes impacted on labour in a gender- and ethnic-specific way:

It has long been recognised that employment patterns in New Zealand vary both in gender and race/ethnicity. Māori and Pacific Island workers, for example, have historically been over represented in full-time jobs in the manufacturing sector. In recent years Māori and Pacific Island workers, both men and women, have experienced rapidly deteriorating Labour market positions with substantial job losses, significantly higher levels of lowly paid jobs, and a greater incidence of casual and short term work (Newell 1992 and Ongly, 1991 cited in Le Heron & Pawson, 1996).

Whereas men mainly occupied jobs within manufacturing, a large proportion of jobs within the service industry were occupied by women. Auckland’s traditional manufacturing areas suffered the most from unemployment when manufacturing closed down.

A community study of Grey Lynn, carried out in 1989 by the Auckland City Council, illustrated the serious nature of unemployment in a community which had the highest proportion of unemployed within Auckland. There were very little jobs to offer to the long list of people looking for jobs. The competition for work was stiff for the low skilled but there was a well identified labour shortage in some areas like information technology and finance.
6.2.3 Local economic development

In New Zealand, local economic development took its genesis in a series of initiatives from central government as well as at the local level. According to the current CEO of Enterprising Manukau central government initiated a wide range of programmes at the end of the 1980s and early 1990s which all seemed to emanate from the need to do something about unemployment. Central government believed that the appropriate level to deal with unemployment was at a local level and this provided the impetus as well as the rationale for local economic development (Scott & Pawson, 1997, p.188).

Two main approaches/programmes were developed. One was coordinated by the Ministry of Commerce which was the forerunner of the Ministry of Economic Development. The second was coordinated by the Community Employment Groups (CEGs) which was more or less the forerunner of Work and Income in the Department of Labour.

The first programme was the Competitive Business and Employment Growth (CBEG) programme and was focussed on business development, innovation and export growth (Perry, 1991):

CBEG sought to increase international competitiveness by providing financial assistance for market research and promotion, protection of intellectual property rights, quality assurance audits, and the proposal costs of development projects. (MED, 2007)

This programme, created in 1991, was coordinated by the Ministry of Commerce. Scott and Pawson (1997) explained that this programme included the establishment of 21 Business Development Centres managed by Business Development Boards (BDBs). These boards were created in 1991 as successors to the Regional Development Councils (MED, 2007). The boards were responsible for providing advice regarding business development within regions, promoting business development, and for administrating the Business Development Grants (MED, 2007).

Among the programmes available were the Expert Assistance Grant Scheme which paid half the cost of external consulting costs in areas like marketing and business planning, up to $80,000; and the Business Development Investigation Grant Scheme which paid half the cost of projects for business proposals that utilised the region’s resources, up to a maximum of $50,000 (MED, 2007)

In the year from 1991 to 1992, 1,651 grants were distributed for a total amount of $14 million. According to Scott and Pawson (1997) amongst these initiatives there was little attempt made to redistribute the economic activity, with most of the money given to new and ‘existing’ businesses in main urban centres.
The second main initiative was the Community Employment Development Unit (CEDU) renamed Community Employment Group (CEG) in 1992. This unit was first set up within the Department of Labour and was aimed at targeting unemployed and disadvantaged people. When created in 1990, it was a small unit with a budget of $11 million. From 1994-1995, $3.3 million was allocated to a self-employment training scheme named Be Your Own Boss (BYOB). The programme was designed to develop the skills needed by the unemployed to set up their own businesses. This programme was contracted out by central government to local agencies.

Little is written about the success of these programmes during this period. Pawson and Le Heron (1996) did, however, offer some insight regarding the BYOB programme on the West Coast of New Zealand. They noted that most of the people participating in the programme were not doing it for the ‘fulfilment of a long time aspiration’ to run their own business (Pawson and Le Heron, 1996, p.109), but rather because as unemployed, they did not know what else to do to change their situation. Their conclusion was that:

Training unemployed people for self-employment in an economically marginalised region such as the West Coast is clearly a policy option with limited capacity to reduce local unemployment (Pawson & Le Heron, 1996, p.110).

This comment was also pertinent for unemployed in Auckland at the time. In fact, there were two types of unemployed in Auckland by the end of 1980s; the middle managers from government who lost their jobs during the restructuring of the state sector and the low skilled workers who lost their jobs from the manufacturing sector (Confidential source, 2009). Initiatives at the local level encouraged by government in Auckland tended to favour the first group.

Community ‘economic development’ programmes were generally being developed outside of Auckland. Scott and Pawson (1997) mentioned that the rest of CEDU’s budget was attributed to small scale employment projects with a more ‘experimental community development approach’ (Scott & Pawson, 1997, p.187). These programmes were mainly developed through the Employment and Resources Centres and were concentrated within rural New Zealand as well as areas where the Māori population was highly concentrated. According to the CEO of Enterprising Manukau (2009) some of the initiatives funded were ‘off the wall’. Today, however:

The whole focus was about jobs, jobs in communities which they say they are now but called Enterprising Communities but you can’t get any money from them. They’ve tightened it up so tight that you can’t make a project fit anymore and if you do try and make it fit your project’s not what you want it to be so you compromise (CEO of Enterprising Manukau, 2009).
Several local initiatives were developed through combined funding from central government and local council. Local agencies in Auckland received many contracts from employment schemes, with BYOB from central government being the most lucrative (Confidential source, 2009).

There were some ad hoc experimental projects developed by local actors at the time because when central government contracts were run properly, it was possible to generate a profit. This provided the opportunity for local agencies to deliver on their own vision. According to a confidential source who was a practitioner in local economic development in Auckland during this period, there was huge amount of work initiated based on these profits. For example, there was significant unemployment amongst new migrants. Auckland New Venture (Auckland City’s economic development agency at the time) developed a sewing programme for developing skills for new migrant women as there was significant unemployment amongst these groups. They set up a cooperative.

Other local initiatives also emerged. The People’s Centre from the Beneficiary Union, for example, was the main advocate for marginalised people (Confidential source, 2009). This agency focussed its energies on political activity within the city. They were also significant within Auckland City and Manukau City, where there was high unemployment within the low skilled workforce. In Manukau City, the People’s Centre went further than advocacy and put together programmes to create jobs. They set up, for example, a contract for unemployed to collect waste (Confidential source, 2009).

6.2.4 Local economic development governance

According to the current CEO of Enterprising Manukau, funding was received from central government at that time which allowed her to develop a particular approach to economic development. She had not specified the programme it came from but it took the following shape:

The Labour Government came in for a 3 year term in about the early nineties – 91 through to 94\(^4\), I think it was, and so they came to communities like Manukau that was particularly affected by jobs going and said we will give you $1.00 you put in another $1.00 and we want you to talk to the businesses your community and try and see if you can save jobs and so that’s the job I applied for – at that time Palmerston North was active, so was Wellington, so had Canterbury - the Agency I talked about was in Kawerau, and so Manukau started and then very shortly afterwards North Shore and then Waitakere, but I think Waitakere was a bit later, it was about 1997 (CEO of Enterprising Manukau, 2009).

\(^4\) In fact, she was probably referring to the National government as Labour was ousted in 1990 and did not return until 1999.
At the time she was employed by the Manukau City Council and therefore the genesis of local economic development, in Manukau at least, occurred inside the council. According to the CEO, she and about four other practitioners from various part of New Zealand started communicating with a view to looking at alternative models. They looked, for example, at the Small Business Development Centre in Australia. She mentioned that the emphasis was on business development and that economic development was ‘way off the planet’ at the time. Some practitioners travelled, particularly to Australia, in order to bring back ideas.

In Auckland, enterprise agencies were set up by the four city councils. Enterprising Manukau, Enterprise North Shore, Waitakere Enterprise and Auckland New Ventures were all established in the early to mid-1990s, with support from the local councils.44

At that time in the early 90’s there was a recession so you got the 1987 slump and then the 1991 tough time here so most councils recognised at that time that there needed to be something done about jobs, there needed to be something done about wealth creation and to get the economy going again and it was at that time when most of the economic development agencies were set up (CEO of Enterprise North Shore, 2009).

According to the CEO of Waitakere Enterprise, it was definitively the mayor in Waitakere City who saw the need for an economic development delivery function.

The motivation for all four local councils to establish these organisations as opposed to keeping the economic development function within the council may have been inspired by Australian models. At the same time central government was encouraging the decentralisation of services to the unemployed through contracts and this was particularly evident with the introduction of the Local Government Act in 1989:

The Local Government Act 1989 gave TLAs (city and district councils) a broad mandate to contribute to social, economic and infrastructures development of their communities, along with considerable discretion in terms of rating policies, level and range of services provided and methods of service delivery (Wallis and Dollery, 2000). In response, many began to play greater role in economic development on behalf of their communities, including tourism-focused business district updates, branding, co-ordination, of marketing efforts and facilitation of an emerging focus on employment and training issues through initiatives such as the ‘Mayors’ Taskforce’ (Killerby, Macpherson & Smith, no date, p. 9).

Many local government authorities (LGA) were involved in the facilitation of other agencies by supporting at least in part outside agencies such as enterprise agencies and regional tourism boards. Only a few LGAs had internal special units for local economic development. Local government was unlikely to be doing more than tourism services delivery and promotion on their

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44 The agency called Enterprise Franklin, not to be mistaken with the Enterprise Franklin Development Trust, was also possibly established at that time. The current CEO of Enterprise Franklin Development Trust (2009) mentioned in the interview that it did not do more than enterprise training. This agency is never mentioned by the other main agencies created at this time.
own. In Manukau, the council took a strategic development role and the EDA developed as the implementation agency. In 1997, Manukau City Council developed the first economic development strategy in New Zealand (CEO of Enterprising Manukau, 2009).

Enterprise agencies were at first relatively independent from their local authorities. They were led by entrepreneurs and got most of their funding out of contracts from the government (Confidential source, 2009).

The CEO of Enterprising Manukau (2009) mentioned there was much confusion in the concepts and initiatives evolving in parallel with the agencies created. She said that suddenly, three different strands came apart:

1. The main street programme which was inspired by an American programme and became the Town Centre Programme.

2. Small Business Enterprise Centres (SBEC) were inspired from Western Australia and down through South Australia and New South Wales. The first four EDAs established in Auckland at that time were influenced by the second group.

3. Finally, the formation of the Economic Development Association of New Zealand (EDANZ) represented a shift from business development towards economic development. The shift from enterprise agencies to economic development agencies had been a gradual one. There were in fact, two parallel movements at the time SBEC and EDANZ were founded in 1996. SBEC was eventually absorbed by EDANZ. The four agencies within Auckland joined the EDANZ network.

Over time, the central government budget from contracts to fight unemployment got tighter and economic development agencies became more dependent on council’s funding.

In 1998, the government established the BIZ programme with the purpose of building management capability for small and medium enterprises. It proposed free access to business needs assessment, training and seminars and one-on-one monitoring and networking.

6.2.5 Empowerment of Māori

From 1985 to the end of this period, Māori entered what some have referred to a second Māori renaissance. Central government made significant changes to contribute to Māori empowerment starting with the Waitangi Tribunal claims and settlements. Established in 1975, but from 1985 given a greater mandate, the Waitangi Tribunal was established to hear Māori claims against the
Crown in respect of violations of their under Treaty of Waitangi, and to make recommendations for compensation. Groups of Māori or individuals had the right to make claims on issues such as land confiscation that had taken place counter to the rights of Māori articulated in the Treaty of Waitangi. It was a two-step process based on a lodging a claim and negotiating a compensation settlement. These claims could go back to 1840 and could be made up to 2008, with the current government objective to finish the process by 2020. Every year an average of three settlements are reached (Parliament Library, 2006).

The second important initiative from central government was the establishment of the Ministry of Maori Development Te Puni Kōkiri (developed from the former Department of Maori Affairs), in 1992. This organisation had two major objectives:

1. Promote increase in levels of achievements by Maori in education, training and employment, health and economic resource development, and
2. Monitor and liaise with other government departments and agencies to ensure their services for Maori are adequate. (Te Puni Kōkiri, 2010, http://www.tpk.govt.nz/en/about/)

The recognition of Maori by central government was not the only way Maori were empowered. The confidential source mentioned that Māori in Auckland become both active and engaged during the period of the locality-based employment schemes. This source believes that they received significant resources from central government for running schemes for unemployed. Apparently, during this period they renovated both rural and urban marae, completed several carvings, and utilised the funding to employ their own people to run their own programmes (Confidential source, 2009).

Amongst other programmes the Private Education and Training establishments and programmes had significant benefits for Māori. The 1990s saw considerable government support for private education and for voluntary services especially from not-for-profit organisations. Their purpose was to provide training to groups with special needs and provide programme not available in the public sector. In addition, the Manukau Maori Urban Authority (MUMA) reoriented some of its activities toward business development, for example iwi radio and urban marae (MUMA, 2010).

On the other hand, Pacific Islanders did not benefit as much from this period of time. There was however in Auckland the creation of the Pacific Business Trust (PBT) in 1985. This trust was established to increase business ownership and economic participation of pacific islanders (PBT, 2010).
6.2.6 Auckland’s government restructuring

In 1984, a Commission on Local Government was established in order to invite local authorities to put forward proposals for a reform process which would favour more efficient units of local government, improve performance and accountability (Bush, 1991).

In 1987, New Zealand had 27 cities and 89 boroughs which administered urban areas, 80 counties administering rural areas, and 20 district councils which administered mixed urban/rural areas and one town council, 121 community councils, 12 district community councils, 1 regional Authority (ARA) and 2 regional councils (Wellington and Northland), 20 united councils and hundreds of special purpose authorities (Bush, 1991). In 1989, the rapid implementation of a local government reform significantly changed this structure. It compacted the 625 extend units into 94 (Bush, 1991).

In the Auckland metropolis, 29 territorial authorities were collapsed into 7 (Memon, Davies & Fookes, 2007); North Shore City council, Waitakere City Council, Manukau City Council, Auckland City Council, Franklin District Council, Rodney District Council and Papakura District Council. 29 communities (lead by community boards) were also created in order to ensure democratic representation and enlarge the scope for public participation (Cheyne, 2009). The ARA was renamed the Auckland Regional Council.

There is little literature about the immediate impact of these reforms on the Auckland region. Bush (1995) explained how Devonport intrepidly took its case for ‘independence rights’ to the Court of Appeal and lost (Bush, 1995, p.121). This illustrates that these amalgamations did not please everybody. It is possible to find general comments about the reforms which showed that many believed they had a significant impact on communities:

Restructuring of local government in New Zealand had been long overdue, but the scale of changes proposed and then implemented at great speed by the Local Government Commission under Brian Elwood left many communities dazed and bewildered (Rice, 1992, p. 492).

In the following quote, Cheyne (2009) with two decades of hindsight discusses the community boards and their issues:

(Community boards) have remained flawed in their design and often poorly used and treated by their parent authorities. A number of boards have declined since 1989 – despite international trend to develop more local issues to develop locally based organisations. (Cheyne, 2009, p.2)

It was not just an amalgamation process. Like the local government agency reforms at that time, LGA were now required to implement business practices (Memon, Davies & Fookes, 2007).
Enhancing environmental considerations through the Resource Management Act were also part of required changes in planning.

In terms of regional development, the belief within central government was that the market was meant to secure country wide economic growth from which regions would benefit without further government intervention (Killerby, Macpherson & Smith, 2004). Dalziel and Saunders (2005) looking back at that period explained that:

(...) there were no explicit regional development policies during that period. Regional economies were expected to benefit from general policies to achieve macroeconomic balance, while any attempt by the government to assist one region was considered likely to fail (due to information gaps at the central government level) and to be at the expense of other regions (Dalziel & Saunders, 2005, p 87).

This was a change in terms of regional policies from the previous period of development, where government believed that it should counter the process of uneven development (Scott & Pawson, 1997).

Although there was little done in terms of regional development, Auckland’s regional governance did come to notice. Following amalgamations, the 1990s was a period of important changes in Auckland’s regional governance. The National Party, with the support of the New Zealand Business Roundtable and their allies from local territorial authorities (Memon, Davies & Fookes, 2007) developed an agenda to restructure the ARC towards a more commercial model. According to Jesson (1999) by the late 1980s ARA/ARC had become a large and powerful bureaucracy encompassing both roles in strategic regional planning and service delivery.

The first initiative from central government regarding the ARC was to cut it in two. The two new bodies were the ARC and the Auckland Regional Services Trust (ARST). The first took the role of strategy and policy development and the second assumed the service delivery functions. The expectation was that the Trust would corporatise as much as possible of the various services to prepare them for privatisation. For example, the public bus service first became the public Yellow Bus Company, and was privatised at the end of the 1990s; later than the government would have liked. The reason was that the Trust was an elected body and a group who took control of it proved that public services could be efficient:

If the Yellow Bus Company had been solid in the early 1990s, as the government intended, it would have fetched a breakdown price of about 35 millions. In 1998, it was sold to the British firm, Stagecoach, for $111.6 million. In the meantime, it had paid the trust $28.9 million in dividends and capital reductions (Jesson, 1999, n.p.).

The Trust did not directly interfere in the management of its public companies, but it appointed a the board of CEOs, women, Māori, environmentalists, unions and business men and others to
ensure a broad vision. In 1998, the Trust was dismantled and replaced by Infrastructure Auckland (IA). Unlike ARST, it was not an elected body, although it was controlled by the local authorities. Companies were privatised as well as public assets like the port of Auckland were sold. Through this process, ARC lost its responsibility of delivering services in the Auckland Region. The ARC had also seen its strategy role being circumscribed under the Resource Management Act (Memon, Davies & Fookes, 2007).

Jesson (1999) who was the chair of the Trust, believed that the privatisation was an error and that it aggravated the fragmentation of Auckland given the example of transport:

New Zealand has a privatised Rail company, Tranz Rail, and Auckland has now a privatised bus service owned Stagecoach. Neither has any reason to work with each other and anyone else on an overall solution for Auckland’s public transports problems (Jesson, 1999, p.177).

Jesson (1999) attributed, for example, the failure of the power supply in Auckland’s CBD as a demonstration of the failure of the commercialisation and privatisation of public services. At the end of the second millennium, Auckland was suffering from underinvestment in infrastructure and the lack of strong and coordinated regional development. The 1996, an amendment to the Local Government Act endorsed these trends of corporatisation as it required local authorities to promote user-pay policies as financial tools.

By the mid 1990s New Zealand was experiencing its strongest growth in terms of GDP since 1984 (Le Heron & Pawson, 1996). In 1994, unemployment was still 7.8%, which was still relatively high considering New Zealand’s history. According to Jesson (1999), in 1999 over half of the top 200 companies in the country were now overseas owned. Stone reiterated this change:

Murray Weatherston, an Auckland financial consultant, well-known as a national radio broadcaster on investment affairs, recently said that “a frequently occurring feature of this west ward drift is that often the Auckland office becomes the branch office of an Australian firm that is the process of making its activities north-west to Singapore of China or Malaysia, or Viet-Nam.” He considered that coincident with the continuing shift of head offices to Auckland is the emerging reality that “there is less autonomous decision-making here as Auckland corporate increasingly report to their offshore masters” (Stone, 2006, p.243)

This trend was particularly obvious with the banking industry which was almost totally overseas owned.

6.2.7 *Towards metropolitan governance*

A 1998 amendment to the Local Government Act 1974 established the Regional Growth Forum (RGF) and Infrastructure Auckland, two standing committees of the ARC:

The Growth Forum’s role is to develop a Growth Strategy to accommodate growth in a manner that best meets the interests of the regional community. Infrastructure Auckland’s role is to
make grants to projects to address the region’s land and passenger transport, and storm water problems (Auckland Regional Growth Strategy: 2050, 1999, p.0).

The Forum was mainly under ARC’s responsibility in terms of funding and it included 10 elected representatives from the ARC and the region’s local councils. The Growth Strategy was launched in 1999 under the requirements of the Local Government Act.

The strategy was developed under the understanding that by 2050, the Auckland Region would have a population of two million people and that there was a need to develop a vision and a framework to manage this growth and its effect on the environment, infrastructure and local communities (Auckland Regional Growth Strategy: 2050, 1999). The development of the strategy was not taken lightly as it involved two years of wider consultation including politicians, developers, business people, planners, architects, and iwi, amongst many others. According to Wetzstien (2008), however, by the end of 1990s, the growth strategy was already portrayed as being unsuitable. Wetzstein suggested that the focus of the strategy was too narrowly focussed as it was concentrated on demographic growth rather than the development of the economy through productivity gains and growth stimulation. In the previous period of development the focus had been on controlling and reversing the growth process; the new strategy was about accommodating the growth.

The implementation aspect of this strategy appeared weak largely due to the limited power from ARC in influencing legislation and regulation. In 2003, the Minister for Environment at the time, Marian Hobbs, illustrated the implementation problem through the example of environment and sustainability:

The Growth Forum has been a very successful innovation in bringing together local authorities to cooperate on matters that affect the entire region. In many ways, it has been able to make progress on policy matters simply because it is a voluntary undertaking, resting strongly on personal commitments, rather than on regulation and litigation. That strength has of course also been a weakness when the policies in the Growth Strategy have been found to have no standing in the Environment Court (Hobbs, 2009).

The strategy has remained in place until recently. Wetzstein (2007) observed that it has been reframed to include new considerations such as the economic aspects of urban and regional development.

The election of a Labour-Alliance minority government in 1999 would bring back regional development on the Agenda and place less emphasis on privatisation and the neo-liberal policies that had been dominant over the previous 15 years.
6.3 Pattern Three: Governance and local economic development (2000-2010)

By 2001, the Auckland region had reached a population of 1.2 million which represented around 30% of New Zealand’s population (Syme, 2001). The growth between early 1950s and late 1990s was due in part to the natural birth rate with approximately 50% emanating from national and international migration (Syme, 2001). The urban area was located between Orewa and Drury and encompassed 90% of the region’s population (ARC, 1998). Over the previous decade Auckland had become the fifth largest city of Australasia, behind Sydney, Melbourne, Brisbane and Perth. Auckland’s population was on average younger (32.1 years) than the rest of the country, but age distribution was uneven throughout the region, with the Rodney District having the oldest population in Auckland and Manukau the youngest. 40% of the population in Manukau was under 20 years of age.

Following the changes in the immigration policy in the mid-1980s, many Asian migrants moved to New Zealand and chose to live in Auckland (Chui, 2004). In 2001, the Asian population in Auckland accounted for 151,602 people and included Korean, Indian, Chinese, Vietnamese, Sri Lankans, Filipinos, Thais, Cambodians and Japanese. Amongst these, 81% were born overseas (Chui, 2004). According to Chui (2004) the immigration reforms had shifted towards an economic rationale in the selection process and this shift favoured the Asian population. The new policy emphasised an individual with financial capital and skills (Chui, 2004):

Personal merit, qualifications, and potential economic contribution replaced nationality and ethnicity as the main selection criteria for entry (Burkecited in Chui, 2004).

There were 231,801 Pacific Islanders in New Zealand in 2001, and Manukau City had the largest count with a little more than 72,000. Within the Auckland region most Pacific Islanders lived in Manukau, moving from the inner city suburbs of Ponsonby and Grey Lynn. Auckland had become a show case of Pacific Island culture through events like the Pasifika Festival and the Saturday markets at Otara shopping centre (Anea, 2004). Samoan were the longest established Pacific people in New Zealand. As described within the last period of development, Māori had developed significant network and mechanisms reinforcing their presence and participation within New Zealand society and in Auckland.

In terms of economy, New Zealand and Auckland had preserved some characteristics from the 1960s. New Zealand was still in 2001 a trading nation with its exports largely based on agricultural commodities. The value of imports relative to the country’s GDP was high by international standards and the balance of payment remained a concern. As in the 1960s, Auckland was playing
the role of gateway to international trade. For some, this was enough to describe Auckland as the nerve centre of the economy (Bedggood, 2004). However, the significance of Auckland’s contribution to national exporting was still questioned. In fact, some believed that its economy was less export-oriented than the rest of New Zealand (Syme, 2001). Crothers (2002) also discovered that one third of the firms imported raw material but less than 10% were involved in exporting.

The two most important sectors in Auckland were manufacturing and business and financial services. Manufacturing was still an important sector, although, it had shranked in terms of employment during the last pattern. In 1986, manufacturing provided 29% of Auckland’s employment, in 1997, in was 20% (Syme, 2001). As seen in the last pattern, meat and wood processing sectors were affected the most by the restructuring; however, some manufacturing sectors had grown (Syme, 2001). In 2001 the leading manufacturing sectors in Auckland were in the chemical and fabricated metal sectors, which together represented 45% of Auckland’s outputs. Manukau City and Auckland City were the most reliant on manufacturing.

In terms of poverty, Manukau City had the largest proportion of population, 21% living in the most deprived areas of New Zealand (Ministry of Health - Deprivation index, 2001). This was compared to 12% in Auckland City, 1% in North shore and 3% in Waitakere. South Auckland had become a ‘social laboratory’ according to McIntosh (2004), and this was illustrated by countless research hours from government and non-government agencies. Otara was one of the most heavily researched areas in New Zealand, especially in relation to health issues (McIntosh, 2004).

More than a decade after the 1989 local government reforms, Auckland’s local administration with four cities and three districts was still described as fragmented (Matthewman, 2004). Transport, which had been an ongoing concern, was still central when it came to local and regional politics (Carter, 2004).

6.3.1 Investing in development

The election of a Labour-Alliance coalition government in 1999 modified significantly the political agenda prevailing during the previous pattern. Early on, the new government restored superannuation, reduced the cost of education, and increased the amount of treatments funding to hospitals (Clark, 2002).

In one of her statements to Parliament in 2002, Prime Minister Helen Clark declared:

We also signalled an end to ‘hands off’ economic management and foreshadowed the development of smart interventions to facilitate economic growth (Clark, 2002).
This was visible through the economic development priorities articulated within the *Growth and Innovation Framework* (GIF) presented in 2002. In this key policy document, central government affirmed its intent to be proactive in supporting growth, to work in cooperation with other sectors and to emphasise the importance of sustainability. The economic objective of this framework was the ‘return of New Zealand’s per capita income to the top half of the OECD rankings and maintain that standing’ (Growing an innovative New Zealand, 2002, p.6).

This strategy presented in the document *Growing an innovative New Zealand* included two main aspects in order to build the economy in New Zealand: (1) strengthening the fundamentals and (2) building more effective innovation. The first aspect included sustaining a stable macroeconomic framework, an open and competitive micro economy, a modern cohesive society, a healthy population, a highly skilled population, sound environmental management, a globally connected economy and a solid research and development and innovation framework. This first objective showed a shift in thinking from the last period as now environmental and social considerations were part of an economic framework. This was in line with the content of Treasury’s briefing to the incoming government in 1999, which indicated the significance of social cohesion in national economic development (Killerby, Macpherson & Smith, 2004).

The second aspect of the framework focused on building more effective innovation included enhancing the existing innovation framework, developing and attracting talented individuals and contributing to an increase in overall productivity (Growing an innovative New Zealand, 2002). It also identified three areas of competitive advantage:

GIF identified three sectors that were capable of achieving world-class competitive advantage while contributing to enhanced productivity in all domestic industries: biotechnology, information communications and technology (ICT), and the creative industries (Dalziel, 2007, p.2).

Early on the new government showed interest in regional and sustainable development. In terms of regional development, the central government re-established partnerships with regions encouraging sustainable and locally-led economic development (Dalziel & Saunders, 2005; Schollmann & Nischalke, 2005). Schollmann and Nischalke (2005) presented three reasons that the central government became active in regional development. Firstly, there was a perceived need to improve efficiency at the regional level. It was considered that there was a lack of coordination between the various initiatives led by central government at the regional level and between them and activities led by local governments. Secondly, Schollmann and Nischalke (2005) argued that central government wanted to take the lead within the coordination of activities and development of strategies in order to ‘overcome insular development thinking and
projects and direct competition between local communities’ (Schollmann & Nischalke, 2005, p.565). Finally, the resources within regions were described as underutilised and that a lack of strategic thinking was present in the economic development space. The country was divided into 26 self-identified economic development regions and three regional development programmes were implemented; cluster development, Regional Polytechnic Development Funds and the Regional Partnerships Programme (RPP). In this section the emphasis is put on the last programme, regional partnerships.

The RPP, would be administered through the Ministry of Economic Development, which was established as a result of central government’s restructuring of the Ministry of Commerce. The new ministry received the mandate to provide policy advice in terms of industrial and regional development. The responsibility to implement the RPP was given to Industry New Zealand,\(^45\) which merged in 2003 with NZ Trade and eventually became New Zealand Trade and Enterprise (Saunders & Dalziel, 2005). The regional boards created at the regional level during the previous period were dismantled in 1998 after a review.

The RPP included a funding arrangement in three steps: (1) partnerships for the development of a regional economic development strategy, (2) capability building and (3) major regional initiatives (MRI). Saunders and Dalziel (2005) explained the approach as the following:

> Instead of some central departments determining development projects in the regions, Industry New Zealand provided funding for regions to undertake their own strategic planning (including investment in enhanced capability for this task). Successful completion of this step then allows a region to apply for $2 million dollar of state funding to support a self-chosen major regional initiative (MRI) that reinforces some strategic competitive advantage in the region (Dalziel & Saunders, 2005, p.88).

The partnership in the development of strategic plan and MRIs usually included a mix of government and non-government organisations. According to Dalziel (2007), the key enablers that regions should be focussing on for the development of a MRI, identified in the MRI Guidelines, were in line with the Growth and Innovation Framework and therefore the ‘work within regional partnerships towards major regional initiatives was an important mechanism in aligning regional aspirations and activities with national economic development goals’ (Dalziel, 2007, p.3). A number of projects were fostered from the RPP programme:

> A number of regions have now qualified for their initial round of MRI funding, which is instigating new technology parks, centres of research excellence and other initiatives. Some regions are now well-known into their ‘second round’ of RPP funding and are also thinking creatively about their funds that are available through NZT&E (e.g. for sector-specific cluster

\(^{45}\) Newly created Crown entity.
development, education-led initiatives, and projects that foster an enterprise culture) (Killerby, Macpherson & Smith, 2004, p.4).

By early 2005 many MRIs had already been approved. However, within the large centres, the MRIs took longer to be developed. Nischalke and Schollmann (2005) argued that two things could explain this; the lack of incentives and/or governance issues. The small budget of $2 million might also have not been enough to interest Auckland stakeholders. Many of the regional council territories had more than one regional economic region and therefore more funding available (16 regional councils versus 26 regional economic regions). Only one economic region was deemed for the Auckland region despite it encompassing one third of New Zealand’s population. Considering the size of Auckland a larger budget could have been justified.

Under the Labour coalition government sustainable development became an important guiding aspect for the public sector. The document Key government goals to guide the public sector in achieving sustainable development included:

1) Strengthening national identity and upholding the principles of the Treaty of Waitangi
2) Growing an inclusive, innovative economy for the benefit of all
3) Maintaining trust in government and provide strong social services
4) Improving New Zealand’s skills
5) Reducing inequalities in health, education, employment and housing
6) Protecting and enhancing the environment

These documents provided a long term frame of reference for the development of policy and performance tools. In this area, the action plan, Sustainable Development for New Zealand, presented in 2003 focussed on four main components: water quality and allocation, energy, sustainable cities and child and youth development. Within the section on sustainable cities, the emphasis was put on Auckland:

Auckland is New Zealand’s largest metropolitan area, with close to one third of our population. It has the strongest base for economic growth and innovation and some of the most significant opportunities for improvements in social and environmental wellbeing. Through this programme of action, the government signals its intention to give priority to the sustainable development of Auckland (Ministry for the Environment, 2010).

This was the first time, at least since the early 1960s, that central government recognised a special position for the development of Auckland within one of its programmes of action.

There were two desired outcomes from this action plan; first cities as centres of innovation and economic growth and second, liveable cities that support social wellbeing, quality of life and cultural identities. According to Dalziel (2007), the programme initiated a series of projects

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46 Perhaps earlier, however, this study start in 1960.
between 2003 and 2006 through a partnership including the seven councils of the region, the ARC and a number of government agencies. The projects were related to transport, urban form, design and development, regional child and youth development a regional settlement strategy, sustainable communities and urban centres and economic performance (Dalziel, 2007).

In the later evaluation it was recognised that the work of multiple agencies demanded strong leadership which served as a basis for establishing the Government Urban and Economic Development Office (GUEDO). GUEDO became a joint policy office for four central government agencies; the Ministry of Economic Development, Ministry for the Environment, Department of Labour, and Ministry of Transport (Dalziel, 2007).

Finally, in 2006 the Economic Transformation Agenda replaced and built on the Growth and Innovation Framework (GIF)

GIF provided a framework for lifting New Zealand’s innovation and economic performance. Economic transformation continues the government’s long term commitment to improving income per capita through innovation and raising productivity in an environmentally sustainable way. (MED, 2010)

The Economic Transformation Agenda was a strategy of five main themes (Dalziel, 2007):

- globally competitive firms;
- world class infrastructure;
- innovative and productive workplaces – underpinned by high standards in education, skills and research;
- environmental sustainability; and
- Auckland – an internationally competitive city.

Auckland was then a key component of the new strategy. It was described as becoming a world-class city. The focus of the Auckland theme included making it the home of globally competitive firms supported by a first-class pool of skilled labour. It also assumed the development of key industry sectors (MED, 2010).

Following the arrival of the new economic development strategy, the regional policy was refreshed (Dalziel, 2007). The number of regions was reduced from 26 to 16. According to Dalziel, this change recognised that the current regional partnerships lacked size, scale and capacity. Additional funding was given to regions for the development and implementation of a regional economic development strategy. Building on the MRI there was also a new fund to encourage large-scale projects. Finally there was a special additional recognition for Auckland aligned with the five themes of the Economic Transformation Agenda.
Other regional agencies were created by the Labour coalition government. In 2001, Work and Income New Zealand (WINZ) was merged with the Ministry of Social Policy to form the Ministry of Social Development. The Department of Work and Income became the social equivalent of the NZTE with increasing focus on social investment for sustainable development (Killerby, Macpherson & Smith, 2004, p.4).

In 2002-2003 central government also established the Tertiary Education Commission (TEC), with regional office. It was established with the view to

... encourage(ing) tertiary education institutes to establish institutional charters and profiles that value engagement in regional economic and community development. (Killerby, Macpherson & Smith, n.d., p.8)

The Auckland region had its own TEC office covering north, west, central, east and south Auckland. In terms of education the Private Training Establishments developed in the last decade were reconsidered by the new government. The Labour-Alliance coalition did not agree with the commercialisation of the education system, and although they were not totally disestablished, PTE were increasingly seen as last resort education (LaRocque, 2005). Waitakere Enterprise still receives funding for delivering training to new migrants.

6.3.2 Auckland’s local government

The Labour coalition government also made significant changes within local government and passed the Local Government Act 2002. Through this act, local government was now responsible for what was referred to as the four well beings of communities; economic, social, environmental and cultural. The government gave further power to local governments and a broader scope of work to undertake its new functions.

According to Reid, (2008), central government wanted to address the policy and operational silos in public service caused by the public management style that had been favoured over the last decade:

Silos reflected an over-reliance on vertical accountabilities, typically the practice of judging departmental performance against narrowly defined objectives, which diminished the capability of the public sector to respond strategically and take a ‘whole of government’ approach (Reid, 2008, p.144).

In addition, central government extended its new management principle to local government. At the regional and local levels, central government favored public management to be based on partnerships with a wide range of actors and organisations. It required local authorities to produce a Long Term Council Community Plan (LTCCP). Through this plan, local governments were now required to undertake public consultation on policy and operations, thereby strengthening
citizen involvement in decision making. This plan replaced the Long Term Financial Strategy of 1996 which, according to Reid (2008), lacked community based strategic context and was too focused on financial planning. It did not, according to him, make sense in terms of the broader social, environmental and cultural goals. The government also changed the accountability framework for local government which was now focused on outcomes as opposed to outputs.

In Auckland, councils’ new responsibilities, especially the economic wellbeing of their community had impacted on the governance of local economic development. Within certain local areas where economic development agencies already existed, the relationship between the agencies and councils had to be renegotiated. During the interviews completed with the CEOs of EDAs located within the Auckland Regions, comments on this period were pertinent. For example, the CEO of Enterprise North Shore explained what had changed:

> It was only in 2002 with the Local Government Act that Local Governments were required to look after the four well beings, one of which is economic development, it was only in 2003 really which is a year after the Local Government Act came out we felt more cold winds because Councils were then employing economic development people within their councils so there became a grey area between the policy and strategy ... and the delivery and implementation that we were responsible for (CEO of Enterprise North shore, 2009).

The CEO of Enterprising Manukau explained a similar situation which happened in the early 2000:

> Economic Development Manager arrived in Council (...) said how come there’s this organisation out there with about 15 or 20 people working in it (...) how come that’s out there and I’ve only got 2 or 3 people working for me. So what they started to do was build an internal unit so now Manukau City Council has as many people working inside their unit on economic development as we have in this organisation. So what they started doing with them trying to define our work tighter and tighter and tighter and then start taking some of it back, because we’ve been up to most people we have working here is about 26 so we used to do Tourism so they took it back (CEO of Enterprising Manukau, 2009).

She mentioned that it lasted a short period and then it came back to how it was before, with a small team within council and the main team within the EDA. It is interesting to note that despite the encouragement of central government in favouring partnerships in the management of local government’s responsibilities, the first instinct of these local councils was to build their own teams for economic development. In addition, the three EDAs in place became council controlled organisations, although prior to that there was no defining link between them. Auckland New Venture was dismantled in 2004 as it had never got any significant funding from the Auckland City Council. Up until recently, Auckland City Council had a large in-house economic development unit.

It was also during the early 2000s that two new economic development agencies were created, one in Franklin District and the other in Rodney District. As opposed to the older agencies, they were created as completely independent trusts. Papakura District Council chose to establish an in-
house unit in late 2002. In Franklin District, the Enterprise Franklin Development Trust emerged from the integration of three small bodies which previously had no connections; Tourism Franklin, Business Franklin, and Enterprise Franklin. The last two of these were probably formed during the second pattern out of the various experiments around business development.

In Rodney District, local government was going through a rough patch at the time:

the Minister for Local Government had disbanded the Council and put a Commissioner in and then they had elections with the new Mayor John Law and he came from a different background, he thought, and it was quite right that the district wasn’t business friendly, the council wasn’t business friendly, and there was something like an 8% commercial rating base so it was unbalanced, there was no real business sector, so he set up an enterprise development agency to attract business (CEO of Rodney Economic Development Trust, 2009).

The Rodney Economic Development Trust started as a one man band with Mike Smith, but with a large governance board of 12 trustees representing the various economic sectors of Rodney District.

6.3.3 Auckland metropolitan development and governance

According to Rowe (2004), Competitive Auckland was the first substantial regional economic development effort from Auckland. Competitive Auckland was created in 2001 and was a business-driven initiative to address the economic competitiveness of the Auckland region. Amongst other things, the organisation was concerned with the migration of businesses and skilled workers outside of Auckland especially towards Australian cities (Wetzstein, 2008). The most known example was the exit of the Motorola company when it decided to move to Australia, apparently due to a lack of regional support in Auckland.

Competitive Auckland focussed its energy mainly on two activities: raising the awareness that Auckland was underproductive in comparison with other global cities and to persuade public institutions to promote Auckland globally (Wetzstein, 2007):

It saw itself as a ‘champion of the concept that business creation and focus are critical elements in the successful re-development of Auckland as an internationally competitive city’ (Competitive Auckland, 2003a). Through economic analysis, individual leadership and effective media performances this initiative was able to influence the course of regional economic governance re-working in Auckland (Wetzstein, 2007, p.19).

In 2003, Competitive Auckland changed its name to the Commitee for Auckland and according to Wetzstein (2007) the organisation moved from advocacy and became involved in urban and economic revitalisation projects. It worked with local councils and businesses.

Although Competitive Auckland and its activities might represent the first initiative toward Auckland regional economic development, the Auckland Regional Economic Development Strategy
(AREDS) was certainly the most significant in terms of actors involved and recognition. During the first half of the 2000s, there were many initiatives taking place at the regional level: Competitive Auckland, the Regional Partnership Programme and the Sustainable City Program were creating an activity focused on the Auckland region apparently never observed before. According to Wetzstein (2008), AREDS was developed as an outcome of the intersections and interactions of the new central policies as well as regional political initiatives like Competitive Auckland.

The AREDS development process mobilised a wide range of actors including representatives from regional interests (Wetzstein, 2007) including business representatives, education agencies, Māori representatives, pacific people representatives, local and central government and other community groups. The process was funded by central government with some contributions from local governments. The strategy outlined a vision for Auckland as an internationally competitive, dynamic and inclusive economy. The AREDS work programme started with eight main objectives:

1. Promoting the Auckland Region
2. Supporting screen production and regional broadband projects
3. Supporting exports
4. Providing a high quality living environment
5. Producing a skilled and responsive workforce
6. Māori economic development
7. Pacific Peoples economic development

Rowe (2004) noted that this strategy produced 4 main initiatives by 2004; the Auckland Film Office, input into the decision on project Probe to go with Counties Power, four MRI applications, and the establishment of the AREDS office. These achievements appeared to be only small compared with what was expected. According to Wetzstein (2007) and Rowe (2004), if the process was seen as a success, the perception on the implementation process was different. Wetzstein (2007) commented on the governance arrangement of the implementation which he considered too narrow:

... informal governance arrangements centering on the Auckland Regional Council co-existed with a very narrowly defined, formally governed, central state-framed strategy implementation process that was often criticised for its inadequacy for dealing with the management of globalising economic development work (Wetzstein, 2007, p.33).

Rowe (2002) also maintained that the short time frame and the small number of initiatives had contributed to the perceived lack of achievements. He argued that the strategy needed to be simplified. Wetzstein (2007) made the point that engagement with the corporate world was
largely absent. Le Heron and McDermott (2009) further argued that AREDS lost its momentum after the development of the strategy because of governance and management problems.

The strategy AREDS remained in place throughout the 2000s. In 2005, two new institutional entities were created under the ARC to manage and implement the AREDS: the Auckland Regional Economic Development Forum (AREDF) and Auckland Plus. The first was created to oversee the AREDS implementation process, and the second was established to implement it. In 2006, the AREDF, in partnership with the Institute of Public Policy (IPP) of AUT University, commissioned a team of international experts to ‘help evaluate the Auckland city-region and define its challenges and opportunities’ (Metro Project Action Plan - Summary, 2006, p.2). The focus had to be on action and the final Metro Project Action Plan reiterated this focus, stating that ‘(I)t’s now time to make changes because talk and reports will not achieve our goal of competing on a world stage, being revered, and being seen as a global city-region in a class of our own’(Metro Project Action Plan - Summary, 2006, p.2). Le Heron and McDermott (2009) described how 40% of the funding for this strategy development process was contributed by central government. In exchange government asked that its new entity GUEDO be involved.

A panel of international experts was formed as part of the Metro Auckland process. Le Heron and McDermott (2009) described how background papers were provided in order to inform the panel. Apart from the international experts, several New Zealand agencies and actors were also involved in the process of developing the Metro Project Action Plan. These included business leaders such as members of the Committee for Auckland, central government agencies including MED, NZTE and the Department of Labour, academics, regional and local government representatives and leaders of community organisations.

The Metro Project Action Plan was launched in October 2006 and contained five main objectives to frame the more specific actions developed:

- Take effective and efficient action to transform Auckland’s economy,
- Develop world-class infrastructure and world-class urban centres,
- Transform Auckland into a world-class destination,
- Develop a skilled and responsive labour force, and
- Increase Auckland’s business innovation and export strength(Metro Plan, 2006, p.2)

The implementation of the action plan has, like other strategies, faced challenges. Not much has been written on what happened exactly. Two of the CEOs of EDAs interviewed believed that Auckland Plus started a long process based on research and consultation instead of implementing the action plan. On the other hand, Le Heron and McDermott (2009) directly criticised the development process and the content of the Metro Project Action Plan. They argued that,
considering the current political context in New Zealand at the time, the omission of governance, sustainability and moreover productivity within the final strategy was both surprising and unfortunate. They also described the *Metro Project Action Plan* as ‘not having a strong research focus ... and was standing on thin ice when making recommendations’ (Le Heron & McDermott, 2009, p.295). They added that only a few weeks after the launch, GUEDO started to look at developing a five years research plan on Auckland’s transformation and development. From one end of the continuum or the other, the implementation of AREDS was still an issue.

During this decade the EDAs within the Auckland Region started to collaborate with each other. According to the CEO of Enterprise North Shore, EDAs worked together first on submissions and then decided to formalise their partnerships by creating the Auckland Regional Economic Development Association (AREDA). The purpose behind creating AREDA is not defined in the same way from one practitioner to another. For example, the CEO of Enterprise North Shore said that:

> When Auckland Plus was set up, we didn’t want Auckland Plus set up we wanted EDA’s to work together to be an Auckland Plus and when the Super-city is set up we don’t want a central function, we want EDAs to work together (CEO of Enterprise North Shore, 2009).

According to the CEO of Waitakere Enterprise, AREDA was never created to become a regional agency but rather as a point of contact for potential regional contracts. The CEO from Enterprise Franklin Development Trust believes the founding objectives were first to exchange information and to communicate better, although she specified she was not around when the organisation was founded. The Auckland EDAs had never had much contact with the Ministry for Economic Development nor its delivery arm NZTE since their establishment. (CEOs of Enterprising Manuakau; CEO of Enterprise North Shore). According to the CEO of Enterprise North Shore, AREDA sent a proposal for a regional approach to the NZTE proposal and it failed. He believed that the reasons for this were purely political.

### 6.3.4 New government and the Super city

In 2007, the Labour coalition government established a Royal Commission on Auckland Governance. This was more or less a year before the end of its third and last term and the election to government of the National Party in November 2008. This was instigated by what was perceived as a growing concern regarding the ‘workability’ of local government arrangements in Auckland. The concerns were especially directed towards issues of investment in infrastructure and the management of growth, traffic congestion and poor public transportation. These were apparently ‘obvious manifestations of the inability of councils to act cooperatively to address key
regional issues’ (Royal Commission on Auckland Governance, 2009, p.1). The Royal Commission on Auckland Governance had the following objectives:

... to receive representations on, inquire into, investigate, and report on the local government arrangements (including institutions, mechanisms, and processes) that are required in the Auckland region over the foreseeable future in order to maximise, in a cost effective manner,—
(a) the current and future well-being of the region and its communities; and  
(b) the region’s contribution to wider national objectives and outcomes.  

The Royal Commission went through a rigorous process and based the recommendations in its final report on recommendations from a public consultation process, commissioned research, meetings, workshops and hui with interested groups, as well as an international study. In the final report, the Commission concluded that bold changes were necessary to revitalise local government within Auckland. It recommended one unitary authority for the region, the Auckland Council, and the abolition of all the city and district councils within the region as well as the ARC. The mayor of the Auckland Council would be elected by Auckland’s regional population. It also recommended two levels of government; an Auckland Council and six new local councils who would ‘share the governance of their areas with the Auckland Council but will be subsidiary to it’ (Royal Commission on Auckland Governance, 2009, p.1.).

In terms of economic development, the Royal Commission on Auckland Governance made six main recommendations:

1. A partnership should be developed between central government and Auckland’s local government to address the region’s long-term economic development and to formulate immediate responses to the current economic conditions.

2. The Auckland Council should adopt a comprehensive regional economic development plan and an associated funding plan.

3. The Auckland Council should establish
   a. a regional economic development agency within the Auckland Council  
   b. local economic development agencies reporting to the regional economic development agency (existing economic development agencies may be retained where appropriate)  
   c. a high-level, regional cross-sectoral advisory board comprising representatives of central government, local councils, business, education, and not-for-profit organisations.

4. The regional economic development agency should take an innovative approach to developing long-term funding relationships, drawing funding from the regional budget, central government economic development programmes, and the private sector on specific projects.
5. The Cabinet Committee and Minister for Auckland should begin work immediately with the Establishment Board to lay the ground for the Auckland Council’s work in priority areas, including the Rugby World Cup 2011 and broadband.3

6. As a basis for future decision making by the Auckland Council, the Establishment Board should review whether existing local economic development programmes are delivering value for money. (Report of the Royal Commission, March 2009, pp.19-20)

The Royal Commission’s report implied that it encouraged the existence of local economic development agencies (possibly the ones already in place) and the establishment of a regional economic development agency. It proposed a cross-sectoral advisory board which included social actors in decision making regarding economic development.

The National Government was elected in 2008, before the Royal Commission report was completed. The report containing the final recommendations was presented in March 2009. The new government waited for the recommendations, and proposed a model for the governance arrangements of the Auckland region shortly after, in April 2009. The document *Making Auckland Greater* presented the favoured arrangements. In this document, central government expressed its agreement with the one unitary council for the Auckland Region and the dismantlement of the current city council and district councils. It rejected, however, the idea of having six local councils and instead proposed 30 local boards across the region. In terms of economic development, the document *Making Auckland Greater* did not present much - government did not want a regional economic development agency and preferred instead a regional economic development plan. It also believed that the Auckland Council should own and operate major facilities and events. There was nothing about local economic development in the document.

The model of local government established on November 1st, 2010 was designed to provide effective decision making and leadership. The local government is composed of one governing body with 21 local boards. The governing body focuses on region-wide strategic decisions and the local boards make decisions on local issues, activities and facilities. The delivery of services will be made through the council organisation and the council-controlled organisation (CCO). The council-controlled organisations are under the direction of the central governing body. Within this structure the local boards do not have any implementation power. Their role is only an advisory one, and very much like the community boards created in the previous amalgamation process, they risk being underpowered. Three advisory boards have also been implemented: a Māori representation and participation board, the Pacific People’s Advisory Panel and the Ethnic People’s advisory Panel. Their role also appears to be advisory when requested by the Auckland Council. Finally, seven council-controlled organisations were established to deliver certain services on
behalf of the Auckland Council. Although independent from Council these organisations are accountable to the Council.

Concerns were previously raised about the independence of the CCO. There are some concerns that the CCOs have too much power with no protection mechanisms where Auckland residents can be involved in the decisions taken by these entities. Rodney Hide (2010) attempted to dismiss these concerns by maintaining that these delivery organisations would be some of the most accountable organisations in the country. However, concerns remained despite the fact that the Minister announced that 21 local boards would be ‘making decisions on local issues, activities and facilities, and working as part of a structure unique in New Zealand, to ensure that community interests are properly represented’ (Hide, 2010). The decision making appears extremely centralised within the Auckland Council and there is no evidence to suggest that the community boards will be taken seriously. In addition, within the council itself, the mayor will have significant power. The considerable reduction of agencies, actors and democratic mechanisms could, as it was presented by government, improve efficiency and save money, but it will probably narrow the scope of initiatives and services provided in Auckland, losing the knowledge built by these agencies regarding their communities and regions. The partnership and broad scope of work promoted by the Labour coalition government for economic development and regional development was sidelined.

Finally, central government has decided to increase its presence within Auckland. It transformed GUEDO in the Auckland Policy Office (APO). This new name for the office since June 2010 represented a different and more significant role for the office that was now responsible of implementing central government policy in Auckland instead of achieving greater alignment of government priorities and effort.

6.4 A new pattern of development

For the practice of LED in Auckland, the implantation of the new Auckland Council represents the start of a fourth pattern of development. The Auckland Economic Development group from the previous Auckland City Council and Waitakere, North Shore and Manuaku EDAs are now part of the CCO Auckland Tourism, Events and Economic Development (ATEED). It appears that most of their staff has been relocated within this new structure. The ATEED head office is located in the Auckland business district but local presence will be retained. ATEED had been created to lift economic well being and to support and enhance the ability of the Auckland region to compete internationally (Auckland Council, 2010). It is the beginning of a much more centralised economic
development in Auckland further from its base and now more independent. With week local boards, this left little place for community or local development at all.

Concerning Enterprise Franklin Development Trust and Rodney Economic Development Trust, negotiations appear to be occurring. ATEED want to develop a local presence within these areas and it appears that how it would work with the two EDAs has not been decided yet.
CHAPTER 7: CURRENT PRACTICE IN AUCKLAND

This chapter presents the current characteristics of local economic development practice in the Auckland region. Figure 5 is a map of the Auckland region with its seven local authorities; starting in the north and going south we find Rodney District, North Shore City, Waitakere City, Auckland City, Manukau City, Papakura District and Franklin District. Franklin, the southernmost territory, is split between the Auckland region and the adjacent Waikato region. In Auckland City and Papakura District, economic development falls under council responsibility. For the remaining cities and districts, this responsibility is carried by the Economic Development Agencies (EDAs). Appendix 1 provides a general socioeconomic overview of each city and district in the Auckland Region. This information presented in this appendix was developed as background information useful to the interpretation of the local economic development practice.

Six interviews were conducted, five with the EDAs CEOs and one with the Economic Development Group Manager of Auckland City Council.

Here is the complete list of agencies analysed within this section:

- Enterprise Franklin Development Trust,
- Enterprising Manukau,
- Enterprise North Shore,
- Waitakere Enterprise,

Source: ARC, Official Website, Retrieved 2010

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47 This is the description of the structure in place in 2009 when interviews were being conducted. Two months prior to the submission of this thesis the new regional Auckland council was implemented. The present tense is used in this section in contrast with the development patterns chapter and represents the reality of 2009.
- Rodney Economic Development Trust,
- Economic Development Group - Auckland City Council.

Information extracted from the official websites of these organisations, their strategic documents and their annual plans have also informed the analysis. This chapter is divided into six main subjects concerning economic development practice; organisations types and governance, resources and relations with funding agencies, overall goals and mission of the work, main areas of work, community roots and opinions on the governance of Auckland.

### 7.1 Organisations types and governance

Table 5 presents the dates of the establishment of each organisation and their respective governance models.

<table>
<thead>
<tr>
<th>Table 5: Types of organisations and dates of establishment</th>
<th>Date of Establishment</th>
<th>Type of organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise North Shore</td>
<td>1993</td>
<td>Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Governed by a board of Trustees</td>
</tr>
<tr>
<td>Waitakere Enterprise</td>
<td>1994</td>
<td>Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Governed by a board of Trustees</td>
</tr>
<tr>
<td>Enterprising Manukau</td>
<td>1994</td>
<td>Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Governed by a board of Trustees</td>
</tr>
<tr>
<td>Rodney Economic Development Trust</td>
<td>2002</td>
<td>Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Governed by a board of Trustees</td>
</tr>
<tr>
<td>Enterprise Franklin Development Trust</td>
<td>2004</td>
<td>Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Governed by a board of Trustees</td>
</tr>
<tr>
<td>Auckland City Council, Economic Development Group</td>
<td>First economic development strategy in 2008</td>
<td>Local Council, Internal function Governed by Elected members</td>
</tr>
</tbody>
</table>

Sources:
- CEO of Enterprise North Shore, Interview 2009
- CEO of Waitakere Enterprise, Interview 2009
- CEO of Enterprising Manukau, Interview 2009
- CEO of Rodney Economic Development Trust, Interview 2009
- CEO of Enterprise Franklin Development Trust, Interview 2009
- Group manager of the Economic Development Group of Auckland City Council, Interview 2009
From this table, three groups emerge. The first group represents older EDAs established during reforms of the early 1990s. It encompasses three agencies: Enterprise North Shore, Waitakere Enterprise and Enterprising Manukau. The second group represents the newer EDAs established around the Local Government Act of 2002. As presented in the second development pattern, the Act concedes an economic development function to local councils as part of the four well beings. During this time, two councils decided to adopt a similar model to what was already established within the region and gave the economic development responsibility to an EDA - Enterprise Franklin Development Trust and the Rodney Economic Development Trust were established. Finally, the last group is the Economic Development Group of Auckland City Council which decided to keep the economic development functions within the council structure.

EDAs are trusts and are not-for-profit organisations governed by a board of trustees and a chairman. Auckland City Council does not have an EDA and utilises an internal economic development group ultimately governed by elected members.

- The role of EDAs board

Two of the EDA CEOs interviewed mentioned that the EDA board of trustees should be focused on issues of governance, strategy and monitoring. The CEO, on the other hand, should be working on operational aspects of the agency. In reality, the boundary between the role of the trustee and CEO is not always clear. For example, the CEO of Enterprise North Shore explained that ideally governance issues and operational aspects should be separated but due to the small size of the EDA it was hard to separate the two functions. In the case of Enterprise Franklin Development Trust, the CEO confirmed that they had a clearly defined role for the board; to ensure good governance, strategy and monitoring and not allowing involvement in operational issues. Most CEOs interviewed mentioned the significant role played by trustees in promoting the EDAs and advocating on issues of interest to EDAs. For example, trustees may provide further visibility for the EDAs by lobbying central government. One such case was explained by the CEO of the Enterprise Franklin Development Trust. She explained that one of their trustees was very knowledgeable in the IT industry and advocated for a broadband connection across Franklin, a key issue for development identified by the EDA.

- EDA group profiles

Table 6 shows the profile of people sitting on the board of trustees for each EDA. Auckland City Council group manager of the Economic Development Group is also listed. Each EDA board comprises 5 to 10 trustees including the chairman. Waitakere Enterprise has the smallest board of
trustees with five and the Rodney Economic Development Trust the largest with ten. By studying the occupation of trustees across all EDA boards, we see that 23 of 33 trustees were identified as coming from the private sector, including business owners, executive members of large private companies and/or business consultants. The profile of EDA chairmen also follows this trend with three of the five coming from the private sector.

The trustees and the chairman generally have multiple years of experience with extended networks in their respective fields, some occupying several boards across Auckland. They often work or are involved within their local area but there are some exceptions. The following is a profile of a trustee from Waitakere Enterprise board who represents broadly the general trustee profile:

A professional company director, lawyer and business and community leader. He has experience in successfully leading companies through restructuring and deregulatory changes in the television, telecommunications, transport and electricity sectors. He is currently chairman of Genesis Energy, Radio New Zealand, the Melanesian Mission Trust Board, Ngatarawa Wines, as well as chairman of a number of private companies and trustees of various community trusts (Waitakere Enterprise, Annual Report 2008, p.10).

While this particular trustee from Waitakere Enterprise’s board represents a common general trustee profile for EDAs, the same cannot be said for the other trustees of the same board. Waitakere Enterprise’s board of trustees can be seen as an exception to the general board profile. In fact, the rest of the board members are more involved in public and non-for-profit organisations. Two of five trustees are from a research and university education background. Yvonne Hawke is specialised in Māori education issues and Paul Spoonley in sociology, labor market and immigrant integration. A third trustee was the president of the New Zealand Labour Party and finally the Chairman has been the CEO of a public company since 1984.

The few trustees from social institutions in EDAs are generally established researchers, academics or executive staff of large not-for-profit organisations. No agencies have representation from the environmental groups, community groups, refugees and immigrant, health sector or official Māori iwi and Pacific interests groups. Finally, 3 of 33 trustees are female. In summary, the EDA board trustees are very homogenous when assessed by occupation, ethnic background and gender.

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48 There is a total of 36 trustees. The occupation of three trustees on the Rodney Economic Development Trust' board are unknown.

49 Some of the trustees hold several occupations. Their main occupation was retained for the purpose of classing them within the table.
With no EDAs, Auckland City and the Economic Development Group is obviously different. The manager of Auckland City’s group reports directly to the general manager of City Development and the City Development Committee.

<table>
<thead>
<tr>
<th></th>
<th>Number of trustees including chairman</th>
<th>Chairman</th>
<th>Private sector</th>
<th>Social institutions, community groups and/or public companies</th>
<th>Elected members or council representative</th>
<th>Gender Male/Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprising Manukau</td>
<td>6</td>
<td>Matthew Horton, Chief executive of Horton Media Ltd and Director of Waiuku Publishing LTD</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>5/1</td>
</tr>
<tr>
<td>Enterprise North Shore</td>
<td>6</td>
<td>Ian Watson, founding Principal of Massey University's Albany campus</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>6/0</td>
</tr>
<tr>
<td>Enterprise Franklin Development Trust</td>
<td>9</td>
<td>Bob Gray, Information technology and Communications for the past 35 years</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>9/0</td>
</tr>
<tr>
<td>Rodney Economic Development Trust</td>
<td>10 (3 of unknown occupation)</td>
<td>Neil Barr, Owner Perrendale holdings Ltd (Investment Management industry)</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>9/0</td>
</tr>
<tr>
<td>Waitakere Enterprise</td>
<td>5</td>
<td>Bryan Mogridge Public company director since 1984</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>4/1</td>
</tr>
<tr>
<td>Auckland City Council, Economic Development Group</td>
<td>0</td>
<td>Group Manager</td>
<td></td>
<td></td>
<td></td>
<td>The director is a man</td>
</tr>
</tbody>
</table>

Sources:
CEO of Enterprise North Shore, Interview 2009
CEO of Waitakere Enterprise, Interview 2009
CEO of Enterprising Manukau, Interview 2009
CEO of Rodney Economic Development Trust, Interview 2009
CEO of Enterprise Franklin Development Trust, Interview 2009
Group manager of the Economic Development Group of Auckland City Council, Interview 2009

- Appointment of trustees

The same three groups identified earlier emerge when we discuss the appointment of EDA trustees. In the first group of the North Shore, Waitakere and Manukau, councils are responsible
for the selection of trustees to their boards. Enterprising Manukau’s CEO specified that when a new trustee is proposed by the council, the board can choose to accept or reject the new candidate. The CEO also added that the board of trustees will evaluate its personal needs and will actively seek and encourage persons of interest to apply to the trustee by going through the council. As for Enterprise North Shore, the council intervenes in the choice of trustees but the CEO maintains that once this person is in place on the board, the board itself has greater autonomy. Councils never appoint its staff to the EDA’s board of trustees. Waitakere Enterprise’s CEO explained that Waitakere City Council even has a policy against these types of appointments.

As for the second group of EDAs including Rodney and Franklin, the district councils are not involved in the appointment of trustees. The EDAs and their board manage trustees’ appointments independently from council. For example, a Franklin District councillor sits on the EDA board but this was at the invitation of the EDA. In the case of Rodney’s EDA, councillors can attend board meetings but are not allowed to vote. The CEOs of the Rodney Economic Development Trust and the Enterprise Franklin Development Trust mentioned that they are chosen to represent the economic sectors of their respective district. Finally, the third category encompasses the Economic Development Group from Auckland City Council. The role of the board of trustees here is played within the council by an internal committee.

### 7.2 Resources and funding arrangement

Table 7 presents a summary of the organisation budgets and sources of funding. It shows that Auckland city Council and its Economic Development Group has the largest budget of all the organisations with $4.7 million annually. The Rodney Economic Development Trust has the smallest budget of $340,000 annually. When we look at the budget/population ratio, two organisations stand out: Enterprise Franklin Development Trust and Waitakere Enterprise. Enterprise Franklin’s inflated budget can be explained by its responsibility of providing tourism services, an activity which is delivered by separate agencies in the other territories in the region. Waitakere Enterprise’s inflated budget can be explained in a similar fashion as it provides Private Enterprise Training, a service not provided by the other EDAs. Enterprise North Shore, Enterprising Manukau and the Rodney Economic Development Trust all have lower budget/population ratios. Auckland City has an average budget when compared in terms of population.

EDAs generally receive funding from similar sources. Approximately 33% to 60% of funding is from their respective local councils. These councils provide from $170,000 to $1 million to the EDAs.
When considered as a percentage of the total budget, the least dependant EDA on is Waitakere Enterprise, while the most dependant EDAs are Enterprising Manukau and the Enterprise Franklin Development Trust.

In discussing the levels of funding North Shore Enterprise’s CEO expressed his view that EDAs are underfunded and under resourced. He added that his EDA is more inclined to have to seek money from council than council contributing new funding to the EDA. Enterprise Franklin Development Trust’s CEO expressed his view that EDAs should not be as dependant on councils as they are at the moment. However, searching for other funding already occupies a significant amount of time. Some CEOs mentioned that a lot of resources are spent on trying to win contracts. Enterprise Franklin Development Trust’s CEO illustrates the pros and cons of this issue:

if you are continually having to source funding from other places, whereas you could just be focusing on working. I think it would be wonderful if I didn’t continually have to go and look for funding, but it makes you a heck of a lot sharper...you say right, council is going to give this investment for the centre, the industry ... will put in money. I think it’s important because it shows the importance of businesses to your agencies, so there needs to be business investment in the agency. If there isn’t how can you say you have the support from the businesses (CEO of Enterprise Franklin Development Trust, 2009).

Regarding employee numbers, Auckland City Council’s Economic Development Group has the largest team with 23 employees and two consultants. It is significantly more than the second largest team, the Enterprise Franklin Development Trust, with 16 employees counting the I-Site (tourism services) staff. Franklin’s EDA also has several part-time employees. The smallest organisations are the Rodney Economic Development Trust and Enterprise North Shore with eight employees each. The interviews did not focus on the employee profiles, although Enterprise North Shore’s CEO mentioned the following regarding his employees.

Most of them have been in business or had some sort of business association. We call upon a lot of volunteers, so although there are only eight of us, we can call upon huge amounts of help. ...the staff member might not be the first person that sees a client (CEO of Enterprise North Shore, 2009).

This quote highlights the EDA’s use of volunteers. The EDA networks will be discussed later in this chapter.
<table>
<thead>
<tr>
<th>Annual Budget</th>
<th>Sources of Funding</th>
<th>Ratio Budget/population</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprising Manukau</td>
<td>$1.4 millions</td>
<td>Less than one million from Manukau City, the rest from sponsorships and from the regional technical partnership programme with government</td>
<td>4.26</td>
</tr>
<tr>
<td>Auckland City Council, Economic Development Group</td>
<td>$4.7 millions</td>
<td>Rate Payers</td>
<td>11.6</td>
</tr>
<tr>
<td>Enterprise North Shore</td>
<td>$1.1 millions</td>
<td>50% from Council 50% from contracts with MSD, TechNZ and sponsorships</td>
<td>5.35</td>
</tr>
<tr>
<td>Waitakere Enterprise</td>
<td>$3 millions</td>
<td>1 million from local council 1 million from Private Training Establishment The rest come from contract with MSD, NZTE’s programme subcontracted to Gosman Chapman, Sponsorship and fee paying services</td>
<td>16.1</td>
</tr>
<tr>
<td>Rodney Economic Development Trust</td>
<td>$340,000</td>
<td>50% or less from Council Rest of the sources of funding unknown</td>
<td>3.8</td>
</tr>
<tr>
<td>Enterprise Franklin Development Trust</td>
<td>$1.4 millions</td>
<td>60% from council, 40% from sponsorships, fees and paid services, and contracts from MSD (training through the international centres, Contracts like be your own boss, Tuaka Business Land, equine funded by MSD)</td>
<td>23.8</td>
</tr>
</tbody>
</table>

**Sources:**

CEO of Enterprise North Shore, Interview 2009  
CEO of Waitakere Enterprise, Interview 2009  
CEO of Enterprising Manukau, Interview 2009  
CEO of Rodney Economic Development Trust, Interview 2009  
CEO of Enterprise Franklin Development Trust, Interview 2009  
Group manager of the Economic Development Group of Auckland City Council, Interview 2009  
7.3 **Relationships with local councils and central government**

Council is the main funding agency for EDAs and this section explores how the relationship is generally managed between the EDAs and their councils. This section will look at how prescriptive councils are towards their EDAs and how EDAs perceive this relationship.

Again, we see the same three groups of development agencies when discussing council EDA relationships. The first group includes Enterprise North Shore, Enterprising Manukau and Waitakere Enterprise which are all Council Controlled Organisations (CCOs). In this relationship, the agencies tend to be the delivery arm of an economic development strategy developed by their respective council. A contract specifies the activities expected to be completed by the agencies. In the case of Waitakere Enterprise, the CEO mentions that his input into the Waitakere City Council’s economic development strategy was always encouraged and welcomed. He also added that the content of the contract was developed jointly. In the case of Manukau, the strategy and requirements of the contract appear to be developed separately. However, Enterprising Manukau’s CEO mentions that in the last two years they have been exchanging more with council about what they can deliver and the mode of delivery. Councils in this group also have internal staff working in economic development parallel to the EDAs.

The second group includes the Enterprise Franklin Development Trust and the Rodney Economic Development Trust. Both trusts are independent from their council, where the two councils consider their EDAs as partners as opposed to delivery agencies. Although, in Rodney, there is a contract signed between council and the agency stating that Rodney implements council’s economic development strategy, there has been some progress in moving from this service delivery contract to a partnership agreement. For the Enterprise Franklin Development Trust, the economic plan is developed in partnership with council but the process is mostly led by the agency. In addition, Franklin’s Development Trust influences council’s other plans:

> We actually developed it [an economic development plan] in partnership with Council... Then...we asked ... that this economic framework forms part of their planning process. So, that when they are planning they look at it [the economic development plan and framework] When all council departments are going through a review of their other plans they can also look at the economic framework and say, how does this connect? (CEO of Enterprise Franklin Development Trust, 2009)

Franklin’s capacity to influence council’s plans, however, took time to negotiate. This example illustrates the importance of EDAs to be strong in relationship management. The CEO of Franklin’s Development Trust strongly believed that planning and strategy for economic development has to be done in partnership with the council and the agency. The key to encourage council into EDA
ideas and initiatives, according to her, is to have good, solid data supporting the initiative. It is critical to move away from anecdotal information and utilise the EDAs business network which council does not have access to.

Finally, the third group comprises Auckland City Council’s Economic Development Group where the council develops and implements the strategy itself.

In attempting to describe the overall EDA-Council relationship, practitioners recalled positive experiences as well as difficult issues. CEOs from the Franklin and Waitakere EDAs maintained that it has a lot to do with the personalities of the people within council:

Senior management of council understand it [when talking about the need for a separate agency] The only time that it is not understood or becomes an issue is when management’s styles [of individuals] are naturally controlling. They like to have control and if they don’t have control over us they don’t like it (CEO of Waitakere Enterprise, 2009).

The CEO from Franklin recalled that when she had worked with a previous manager from council who appeared very threatened by the agency, it proved to be her most difficult relationship to manage.

Council’s interest in economic development appeared to vary. The Enterprise North Shore CEO said that their council tended to leave economic development to the EDA. Within council, he said, it is considered to be a matter of low priority. He explained that council tended to look into big projects, strategies and policies, leaving the delivery to Enterprise North Shore.

As funding agencies, all councils are concerned with the quality of work carried out by the organisations they support. As for economic development, the CEOs of Enterprising Manukau and Enterprise North Shore discuss the difficulty of measuring economic development:

Everyone talks about activities, outputs and outcomes. They want to measure us on outcomes, but it is very difficult to measure outcomes as our major outcomes are GDP, the number of businesses, the number of jobs lost or the number of jobs gained. But because we are such a small agency and there are other factors involved … it is hard to show the correlation between what we did and those outcomes … so then we have to come up with is…. How many courses did we run? How many business mentors did we match with businesses? (CEO of Enterprise North Shore, 2009).

As for their relationship with central government, EDAs generally have little direct contact with Wellington. Apart from a few contracts with the Ministry of Social Development, EDAs rarely work with the central government. In fact, little connection can be found with the central government’s Ministry of Economic Development or with NZTE.
Enterprise North Shore’s CEO described how they know each other even if they had little direct contact:

In AREDA we know everybody in the country and all the government agencies know us. Certainly the Department of Labour because they come to us for information. We are always doing surveys and providing them with information (CEO of Enterprise North Shore, 2009).

Other than a few ad hoc contracts, there is no significant network established between AREDA and the central government.

### 7.4 Profile and philosophies of CEOs and the group manager

What is the major thinking behind EDA activities? To answer this question we will first look at the background of the practitioners and then the overall goals and mission of the practitioners and their organisations as presented in their annual plans and interviews.

Amongst the six practitioners interviewed, 50% are males and 50% female. They have occupied their positions as CEOs or managers for a minimum of two years and as long as twenty years. Three practitioners are from New Zealand while the other three have their origins in the United Kingdom (2) and South Africa (1). All practitioners have significant experience working within or with private businesses prior to their current position. They have occupied senior positions and highly skilled positions that include business ownership, consultant, professional marketer and public relations professional. Those who have worked within the public sector have occupied positions in finances and economics. Two practitioners mentioned direct links between their previous experience and their current work.

Auckland City Council’s Economic Development Group Manager believes that his previous experience with the Australian Treasury and New Zealand Treasury has the most relevance to what he is currently doing. The CEO from Enterprising Manukau who has previously worked within a family business specifically mentioned that it is essential to have an experience in business to work as an economic development practitioner:

I think it’s essential because my observation in this work is that there are plenty of people in, let’s say Council type work, where they are writing policy and strategy. They come up with bright ideas but it isn’t always a practical solution or application for a business to take on board (CEO of Enterprising Manukau, 2009).

The interviewed practitioners expressed very different perspectives on what the overall goal of economic development should be. For example, the CEOs of Enterprising Manukau and Enterprise North Shore expressed their views that the overall goal is to grow wealth and create jobs. The CEO of Enterprise North Shore added the following detail to his interpretation of this overall goal:
‘Enterprise North Shore provides assistance to enterprises, organisations, businesses/companies/ firms in return for their commitment to grow the economy and increase employment’ (CEO of Enterprise North Shore, 2009).

The above quote shows how building a strong business base is central to the achievement of their overall goals of creating jobs and increasing economic growth. CEOs did seem, however, to acknowledge a difference between business development and economic development. The two practitioners above especially mentioned this difference, but they did not explain what it meant. The Enterprise Franklin Development Trust CEO mentioned, however, the importance of economic geography and sector development as being more central than individual business development.

When it comes to providing business services, two practitioners interviewed were careful in saying that they only provide services where there is market failure and that they do not compete with private organisations. They seemed to believe that this would not be seen in a positive light.

Creating jobs is a key focus for all EDAs. The general purpose is to keep their working population within their own catchment area. The concern was mentioned directly by four of the five interviewees. The Waitakere Enterprise CEO outlined that the creation of jobs was clearly a focus for his organisation with his overall goal being ‘(t)o reduce the percentage of Waitakere’s workforce leaving the city each day from 60% to 40’.’. Likewise Rodney’s CEO expressed:

It starts really with one focus of the trust to create jobs because something like 50% of our workforce leaves the district every day -goes to Waitakere – that was our purpose, to create employment (CEO of Rodney Economic Development Trust, 2009).

The Manager of the Economic Development Group at Auckland City Council is uncomfortable with this competitive stance which needed to be remedied:

An interesting one for me is Waitakere. For example as a strategy, one of their goals is to get more people working in Waitakere. In theory that means that if you have got someone living in New Lynn it is not good that they go and work in Avondale because Avondale is Auckland City Council. So it is better for them to go to Henderson which is Waitakere...I think that kind of thing you can remedy by having a structure over the top (Economic Development Group Manager, Auckland City Council, 2009).

The EDAs and the Auckland City Council group’s work philosophies, as expressed in the interviews, showed that there is in general a clear separation between creating jobs, which they work on, and providing services to the unemployed, which they consider outside their mandate. For example, the CEO of Waitakere Enterprise specifically mentioned that services for unemployed were already provided by Work and Income or the private sector and therefore it was not his EDA’s role.

In addition, LED organisations generally make clear distinctions between economic development and social development. In some cases this is because they do not think it is relevant and in other
cases they maintain it is outside of their mandates. For example, the CEO of the Enterprise Franklin Development Trust used the following example to illustrate the fine line between the two:

it’s a school that’s right in the middle of gang territory, totally dominated by gangs, really poor socio economic area, ... and the principal, whom I knew from working at Manukau, had been brought in by the Ministry of Education to turn this school around. She focused on gardening, growing your own vegetables – she’s got kids now growing vegetables at home and so I’m actually looking at how I can link our vegetable growers with that school because they are the growers of the future (CEO of Enterprise Franklin Development Trust, 2009).

The practitioner also mentioned that she really is careful to avoid getting into social issues. She will only connect the people together and then monitor the relationship. The CEO from the Rodney Economic Development Trust mentioned that the governance board sees connections between education and health, unemployment and the level of productivity and economic growth. However, this is not part of the EDA’s mandate, so it becomes hard to address these issues. The manager of the economic development group of Auckland City Council believes that work is still to be done to include social aspects within economic development and admits that there is a significant potential of including these factors into the thinking:

There is quite a bit of research around new social innovation and so I still think that it is where economic development leans. Given the amount of money people spend, government spends and insurance companies on health services and education, I think there is a huge amount of potential to look at ways smarter. I don’t think that is a role that economic development is playing or engaged in at all. I think that’s important (Manager of the economic development group of Auckland City Council, 2009)

The following table presents Mission or overall goal of the LED practice of the agencies interviewed as mentioned in during the interview or as it is stated in the annual plans. As we can see ‘growth’ is a popular term.
Table 8: Mission or overall goal

<table>
<thead>
<tr>
<th>Enterprise North Shore</th>
<th>Growing the economy of North Shore City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Franklin Development Trust</td>
<td>An economically strong and environmentally sustainable Franklin District that supports Franklin Country lifestyles</td>
</tr>
<tr>
<td>Rodney Economic Development Trust</td>
<td>Promote growth in the local economy</td>
</tr>
<tr>
<td>Waitakere Enterprise</td>
<td>To reduce the percentage of Waitakere’s workforce leaving the city each day from 60% to 40%</td>
</tr>
<tr>
<td>Enterprising Manukau</td>
<td>Utilise our unique connectedness, knowledge and skills to facilitate an environment for sustainable economic development and business growth.</td>
</tr>
<tr>
<td>Economic Development Group, Auckland City Council</td>
<td>We will continue to make sure we create an environment and infrastructure that enables economic growth, and delivers jobs and an improved standard of living.</td>
</tr>
</tbody>
</table>

Sources:
- CEO of Enterprise North Shore, Interview 2009
- CEO of Waitakere Enterprise, Interview 2009
- CEO of Enterprising Manukau, Interview 2009
- CEO of Rodney Economic Development Trust, Interview 2009
- CEO of Enterprise Franklin Development Trust, Interview 2009
- Group manager of the Economic Development Group of Auckland City Council, Interview 2009

7.5 Main activities

This section presents the principal activities of the local economic development organisations within the Auckland Region. There are significant differences between the work of the EDAs and the work of the Economic Development Group of Auckland City Council. In general, the EDAs focus on similar area of work. The most significant area of work for the Auckland Region’s EDAs is providing services to their local businesses. They are also active in supporting the development of local industrial sectors, facilitating youth programmes and working on employment initiatives.
Some EDAS are, however, more active in certain areas than others and each EDA also has unique characteristics.

By contrast, the Economic Development Group from Auckland City Council is not as active in providing business services and has little contact with local businesses. The Manager mentioned that other actors play this role within Auckland City, for example the Chamber of Commerce. The Group’s main focus is on carrying research and developing policies and strategies, which EDAs are only marginally involved in, as mentioned earlier. The Group also supports the development of industrial sectors, promotes the city and encourages investment, and input on planning and infrastructural development. To highlight the distinction between the EDAs and the Auckland City Group, this section is presented in two parts, the first one focussing on EDAs practice and the second on the work of the Auckland City Economic Development Group.

Providing business services is generally the most developed activity carried by EDAs in the Auckland Region, apart maybe from Enterprise Franklin Development Trust which is also very active in local industrial development. This focus on business services is especially true for the EDAs established in the early 1990s, during the reforms. They have been providing these services since their inception. It includes providing businesses with services like up-skilling, monitoring for new and established businesses, supporting research for founding and investment, hosting business events, supporting and developing networks opportunities, acting as a connection point between businesses and other resources like consultants, professionals and government agencies, and providing business with relevant information. Three examples are presented here in order to illustrate some of the work undertaken by the EDAs in terms of providing services to local businesses.

The first one is the Business Excellence Awards. They are mainly local business competitions hosted by EDAs. There are five annual awards across the Auckland region. Most EDAs have their own annual awards, except for Rodney District. Enterprise North Shore’s award invites businesses from Rodney to participate within its award events. In addition, Franklin EDA and Papakura Council hold their awards together. According to the CEO of Enterprise North Shore, the competition has the objective of encouraging businesses to be excellent, to rise above and to improve their capabilities. Business Excellence Awards are significant events. For example, in Manukau, 1,000 people attend the function annually. The five awards have their own particularities. According to the CEO of Enterprising Manukau, for example, the process of selecting candidates and choosing the winner is different from one EDA to another.
The second example of business services provision is the programme entitled Angel Investment. Angel Investment was implemented 14-15 years ago. According to the CEO of Enterprising Manukau, the New Zealand government gave the responsibility to councils to act as brokers in bringing small deals together deals under $5 million, matching investors with a business in need of investment. In Manukau, the EDA applied for and received funding to run the programme. With time, many EDAs let the programme slip, but in Manukau it is still an important tool for economic development:

It’s an instrument that economic development agencies can use to introduce people to capital, it means that a business doesn’t have to go down the prospectus route which is very expensive to put together. It means they can use a less expensive route but still have some rigour in it, to ensure both parties are doing what they’re meant to do.... it’s a very legitimate tool for EDAs to actually increase revenue. There is no other body able to do that work, no other body is allowed to do that work, and neither body is as neutral as an EDA (CEO of Enterprising Manukau, 2009).

Although it does not always strictly take the shape of the programme ‘Angel Investment’, most EDAs within the Auckland region provide some sort of service to support business in their research for funding and investment. They also support the businesses in applying for government grants and business funds like TechNZ funding which provides capital to businesses for research and development.

The last example is the business mentoring scheme. This is mainly aimed at providing a business with a mentor who is skilled with business affairs. Here is an example from Enterprise North shore:

We’ve got numerous case studies, and one of them is a small business down in Devonport making continence sheets for children that wet themselves, it’s quite clever what they do. We’ve got a mentor in there. We’re very proud of our 350 mentors – people give their time up voluntarily to help businesses and our mentor went in there to help this business arrange their business affairs. They were quite good at making the sheets rather than running a business. Then we arranged to help them manufacture these sheets off Shore, but then help them market and run them from NZ to export, so that’s a really good local success story (CEO of Enterprise North Shore, 2009).

The mentors are in this case a network of volunteers developed by Enterprise North Shore. When it comes to training and up-skilling, it is also common that EDAs use private consultants and professionals to deliver workshops. Therefore, the delivery of business services by EDAs is based predominantly on establishing and maintaining networks and connections.

These three examples do not represent the extent and variety of the work done by EDAs in terms of business services; it is more significant than that. The EDAs have rapidly adapted their services to new situations and contexts. For example, during the economic crisis, EDAs started to provide new services to businesses:
We have changed what we do, we’ve actually got a 12 point recession response plan which we are implementing and I can give you that (CEO of Waitakere Enterprise, 2009).

The second area of work undertaken by the EDAs is in support of industrial sectors. After business support and assistance, this is generally the second largest area of activity of EDAs. It is, however a more recent area of work and it is still at an experimental stage for most EDAs. In fact, all EDAs have identified promising industrial sectors in their local economy but are at various stages of involvement and action. Here is one example of an industrial sector identified by each EDA; aquaculture for Rodney, film for Waitakere, equine for Franklin, and marine for North Shore, and food and beverage for Manukau. In this section, one case is studied in particular as it is relatively recent. It is the Equine Industry in Franklin.

The Enterprise Franklin Development Trust is very active in the development of local industrial sectors. In respect of the equine sector, the EDA has worked in partnerships with council and in the industry in order to respond to the specific needs of the industry. The following quote described the need of the industry:

They need places to exercise their horses. They need to export their horses. If it’s a racing industry it’s not difficult because its lineage, if it’s breeding, they can sell on the bloodline. If it’s a sport industry, to a degree they may be able to sell on bloodlines, but actually the horses need to be performing and they can’t perform if they don’t have exercise areas or access to go and do events and stuff. So we got some work streams, one is around equine land use (CEO of Enterprise Franklin Development Trust, 2009).

As described by the CEO, the land is a key aspect for the equine industry. The EDA has worked with the industry to identify the geographic clusters of business working in equine. As it happened, there is a trotting track in Franklin which is one of the best in the country and a number of horse trainers have purchased lands close to it although they did not have direct access to the track. Therefore the EDA and council worked together in order to solve this:

... they actually would like to subdivide into 10 acre blocks for trainers to purchase an access to the track, so they can all just literally go from their property onto the track and go back ... (CEO of Enterprise Franklin Development Trust, 2009).

The EDA has worked with the Council to change land use to respond to the needs of the sector. Another project with the equine industry is a partnership with private investors. This time it is for racers and gallopers as opposed to trotting horses. They are putting in a training track which is very sophisticated and unique within New Zealand:

It’s incorporating science and training it’s no longer just a training track. You have all the other scientific stuff there will be all the equipment that you need to monitor the performance, you’ve got walkers that have water in them so that the horses don’t have any strength to their limbs, but they’re still getting the same type of exercise as though they were cantering or galloping. So we want to start looking at setting up an equine innovation centre there so we are doing the
research to say okay what are all the things that need to happen (CEO of Enterprise Franklin Development Trust, 2009).

This example shows that one of the key roles played by EDAs in industrial development is about facilitation and networking to respond to the needs of the industry to develop. In this case, the key role of the EDA was to gather information on the industry and to be able to influence council to make changes which support the industry. It was also the management of relationships between the various actors.

The third area of work is concerned with youth. All the EDAs within the Auckland region have programmes and initiatives involving youth. It is not always a central activity but it is a consistent one across all EDAs. First, there is the Young Enterprise Scheme which is an activity that Enterprise North Shore, Enterprising Manukau and Waitakere Enterprise administer. In Manukau, for example, the programme involves 30 schools and 600 students. It is a competition with awards and has the objective of familiarising students with business; an opportunity that the Enterprising Manukau CEO perceived they may not really have outside of this competition:

They’re not exposed through either their parents or their teachers or their board school trustees to business people...Some of them have grown tremendously which has been great and I think what it has meant is that each school competes ... So that interesting, highly competitive. We’ve just had the first round ...the person has to prepare a business plan and we got about 80 business plans. There are two parts of the judging, one is about how they write it and one is how they present it. You know it’s a team and on powerpoint and we’ve only just completed it over the last 2 weeks so they were outstanding absolutely mind blowing (CEO of Enterprising Manukau, 2009).

In Franklin and Rodney youth engagement does not take the shape of awards but focuses more on connecting local youths’ skills with local business needs. Their programmes involve developing partnerships between education providers and businesses. In Rodney the initiative is called the Youth Transition Programme and was developed in partnership with Work and Income. It has a primary purpose of countering youth unemployment. Apart from the Public Training Establishment run by Waitakere Enterprise which specialised in developing the skills of migrants and refugees for working in New Zealand, it is more or less the only initiative proposed by an economic development organisation within the Auckland region at the moment directly focusing on an ‘at risk community’. The CEO of Rodney’s EDA explained the programme:

The youth transitions programme is very targeted because we have employers coming to us saying ‘can’t get apprentices who ready and it’s just so much trouble for us to train them up and manage them’. Work and Income gave us the contract to take 40 young people at risk a year and make them work and put them into secondment.. (CEO of Rodney Economic Development Trust, 2009)
The Franklin EDA has also worked with youth, but with the main purpose of supporting the motorsport industry. There was a perceived skills shortage slowing the development of this industry within Franklin so:

We went to the Manukau Institute of Technology and said how about you guys set up a remote campus in the motorsport industry? Three years ago they set it up and they now have 36 students, it’s always oversubscribed. Basically what they do is they start off with a course. It’s a 3 year level course. They break up into teams of 4 and they receive sponsorship from Honda and they get these really old crappy beaten up cars and they actually build a race car from start to finish. And then, at the end of the course they actually get to go onto the track and race. And part of it is that they have experience, so they get to work in the motorsport industry (CEO of Enterprise Franklin Development Trust, 2009).

Based on this experience, MIT have developed a higher level course where the student works on technically advanced cars which makes the students stay longer within the industry, they get to understand the dynamics of a race team and it is part of their work experience. In this case the EDA’s role has accordingly been to connect the various actors together and to monitor the progression of the project. The overall purpose, however was to provide the industry with skilled workers. The EDA in Franklin does not have programme directly for youth development:

We have really good relationships with what we call the Family Support Centre who do things like budgeting for families and all the different support mechanisms that families need and we have a really good youth centre that does a lot of youth stuff, we don’t do a lot of work with youth, we don’t do work with schools, we are looking at a programme actually that will link our business leaders with principals, which will be a special leaders programme for principals, but we don’t do much work with the kids (CEO of Enterprise Franklin Development Trust, 2009).

As mentioned within the previous section, the EDAs are concerned with employment. They generally see their role in this area as supporting business creation, business development and business attraction which should have the consequence of increasing employment. They never work directly with the unemployed, however, unless they are interested in starting their own business. For example, the Be Your Own Boss training programme has carried on in certain EDAs.

With time some EDAs have been given or have taken on responsibilities which other EDAs do not have; or they have been more active than others in some areas of activity. For example in Franklin the EDA is responsible for providing tourism information, through the iSite which is a unique set up in the region. In North Shore, the EDA is more proactive than the others in promoting this area and trying to attract business. They have created a brochure, for example, explaining how North Shore is a great place to do business as part of a general business attraction programme. The CEO explained this focus:

So we’ve got a pipeline of 15 businesses that we would really like to see here because they suit our industry and suit our people. We are going to follow those through, that’s the long plan because they’re probably not going to move because most people are hunkering down but the
retention is even more important now because there are businesses thinking of moving off to
other countries or moving parts of their operations to other countries ... Attraction and
retention was our main known activity a year ago: growing businesses, finding businesses that
can grow...and facilitating that growth (CEO of Enterprise North Shore, 2009).

Others like Enterprising Manukau have not got involved in this area which is considered the
council’s responsibility.

The work undertaken by the Economic Development Group of Auckland City Council differs from
that provided by the other EDAs. One of its main activities centres on carrying out research and
developing policies and strategies, in which the EDAs are only marginally involved. The Group also
supports the development of industrial sectors, promotes the city and encourages investment,
and input on planning and infrastructural development.

The Manager of the Economic Development Group explained the role of his group in research,
policy and strategy:

The economic strategy team has an economist who provides commentary ...on the economy,
on what’s happening in the world economy, what’s happening in NZ – these guys produce
information about unemployment in Auckland, what the share of the GDP is between different
industries, so quite a lot of research. We have been doing a big piece of work in the labour
market in Auckland and will use that as a base...to inform our strategies about helping
productivity (Manager of the Economic Development Group, 2009).

The organisation also focuses on industrial development. Various sectors are identified. The work
is still in progress, however. The industries identified are generally much broader than within the
EDAs and it means broader implementation strategy and further resources. For example, two of
the industries identified are the creative industries and the ICT.

The Manager also mentioned that they have a role of encouraging investment, involving
promotion:

So they’re trying to get overseas companies to invest in Auckland. They are trying to retain
business in Auckland – we’ve got an investment website and they are proactive talking to
companies talking to sector people and understanding their needs ... and are quite focussed on
working with customers who want to invest here and helping grease the wheels a little. They
will facilitate meetings with our planning and consent teams to help in getting consent quicker
and easier for a big building they might want to do. Trying to encourage investment. (Manager
of the Economic Development Group, 2009)

The Economic Development Group is also involved in planning - something EDAs are generally not
involved with:

this is an in-house thing and this is basically about spatial planning of a city and making sure it
caters to economic growth. We’ve recently released a document which EDAs wouldn’t have the
right to do. We played an in dept roles for the planning for the different areas in the city. We
present the economic value agreement of those and we help in assessing where zoning should
make sure we create room for economic growth in our Town Centres. We’ve done a lot of work identifying the key business models in the city and Rosebank (Manager of the Economic Development Group, 2009)

This also means the involvement of council in a structural project like the NZ Innovation Centre and the Tamaki innovation precinct.

That will be unusual for us because it (NZ Innovation Cener) involves some direct investment – We actually put land in that we owned. Unfortunately the government pulled out its $25m commitment which has taken the wind out a little bit; we are looking at other ways to deliver it. (Manager of the Economic Development Group, 2009)

### 7.6 Roots within the community

This section is concerned with the LED organisations in Auckland their ability to engage with local groups including local business and business networks, but also community groups and Māori and Pacific Island networks. Two categories emerged, one including the EDAs, the other including the Economic Development Group at the Auckland City Council. In terms of a connection with the community, EDAs are much more connected than the Economic Development Group in the Auckland city Council. The EDAs significant connection is foremost with local business and business networks.

EDAs have developed a wide network of businesses, professionals and volunteers amongst others and they are capable of connecting them together in order to respond to the needs of their local businesses. The business network and connection is an aspect mentioned by all EDA practitioners interviewed:

> Now that’s magical economic development, it’s not rocket science, it doesn’t need to be rocket science. It does need people to build personal and organisational networks. Therefore for economic development to work well, it needs people who have been there for a long time and made those connections. They can say ‘I know exactly who’ and pick up the phone... Or if I don’t know that person directly I can get there within a couple of phone calls. The magic of New Zealand is that we have so few degrees of separation (CEO of Enterprising Manukau, 2009).

On the other hand, the manager from Auckland City Council’s group noted that his connections with business could be improved. However, most EDAs and the Auckland City Council do work have partnerships or some sort of connections with the Town Centre Business Associations:

> This team also looks after Mainstreet’s programme. There is 17 Town Centres in the Auckland City area who have agreed to form Business Associations which represents the business community of that Town Centre. The business agreed that they will pay an additional rate. Businesses pay a targeted rate and we give the money to the Business Associations and they spend how they want to in their areas. I think again it’s a great initiative because it is actually getting active democracy. (Manager of the Economic Development Group, 2009)

The connections appear to be mainly limited to business networks. Neither the EDAs nor the Economic Development Group have significant partnerships with Māori and Pacific groups, or
social groups and community groups. The EDAs are familiar with the services and programmes provided, for example, by the Pacific Business Trust or the Pacific Chamber of Commerce and would refer individuals and businesses to them when they see fit. This is the model explained here by the CEO of Enterprise North Shore:

Māori in New Zealand have a huge influence on things because of the Treaty of Waitangi. On the Shore there are only 4% Māori. The bigger, larger cultural groups are Asian like Korean, Taiwanese, Chinese, so we work with all those groups and Māori. We work closely with the Pacific Business Trust as well and the new Pacific Chamber of Commerce. There are special programmes for those people; we know all those programmes so when we are working with someone from that ethnic background we can channel them into those programmes because ... they get special help (CEO of North Shore Enterprise, 2009).

Because there a number of specific agencies undertaking Māori and Pacific economic development work, EDAs appear to feel that it is not their role to engage in this area. There is segregation between general local economic development and Pacific and Māori economic development. The exception to this would be Rodney Economic Development Trust which has engaged in the developing a partnership with local iwi:

It’s taken a little while to get that relationship going, there are 5 key groups within Rodney and we’re only just getting to grips with it. It is taken a long time and we worked most closely with ... Ngati Whatua – we haven’t really engaged with the others. (...) We just had our first formal meeting with Ngati Whatua. The idea is to develop a Memorandum of Understanding and to work with the Ministry on employment projects. We also said we will offer them any support we can in managing their settlement. They are about to sign off on a settlement under the Treaty and they acknowledge it would be useful to have some interaction with a business organisation (CEO of Rodney Economic Development Trust, 2009).

In terms of connections with social groups and community groups, the CEO of the Rodney Economic Development Trust mentioned that through businesses she gets a lot of information about broader issues in the area:

You get a group of business people around the table and what they will tell you – they’ll talk about their businesses. They will also tell you about what is going on in their community. What are the infrastructures issues, the social issues – education, health... You get a picture of what is really happening and not what you think is happening, or what you would like to happen. I think we could be used it a lot more actually (CEO of Rodney Economic Development Trust, 2009).

7.7 Governance for Auckland region

On the context of the governance of the Auckland region, the participants have commented on what has been done by AREDs, the ARC and by Auckland Plus. There were also discussions about their regional partnership (AREDA) and their opinions regarding the governance of economic development in the Auckland region, including the role they see themselves playing. This section summarise the contents of these conversations.
In relation to Auckland Plus, three interviewed practitioners out of six directly questioned the performance and/or the need for its existence. The CEOs of Enterprise North Shore and Enterprising Manukau were specifically concerned about the overall planning and the lack of action. According to these CEOs too many resources were spent on research and planning and little on the implementation process. In addition the CEO from Enterprising Manukau was worried about the lack of distinctiveness of the economic development plans. She argued that Auckland was not necessarily recognised in these plans; they could be for any city:

(If you’re going to write a strategy for a business you’re trying to differentiate yourself in some way and have an offering that makes you stand apart or stand different or offer something different and we’ve done nothing like that in Auckland (CEO of Enterprising Manukau, 2009).

Finally, the Economic Development Group manager of Auckland City Council questioned the need for Auckland Plus in the future. He expressed his view that it was a strategy and planning oriented agency, and that the ‘Super City’ council will be playing this role in the future. He saw little reason for keeping this agency.

The practitioner from the Enterprise Franklin Development Trust was critical of the content of regional plans like AREDS and Metro. She expressed her opinion that these plans are urban-centric and did not correspond with the Franklin District. That said, she did mention an improvement in Franklin’s relationship with ARC with whom she has been working closely recently. The ARC, she said had shown interest in understanding Franklin’s rural economy.

At a regional level, AREDA is the official mode of collaboration of the Auckland EDAs. According to the CEO of Enterprise North Shore, the EDAs had worked together on submissions earlier, and then decided to formalise their partnerships by creating AREDA. The purpose behind creating AREDA was not defined in the same way from one practitioner to another. For example, the CEO of Enterprise North Shore said that:

We didn’t want Auckland Plus set up we wanted EDAs to work together to be an Auckland Plus, and when the Super-city will set up we don’t want a central function we want EDAs to work together (CEO of Enterprise North Shore, 2009).

According to the CEO of Waitakere Enterprise, however, AREDA was never created to become a regional agency but always as a point of contact for potential regional contracts. The CEO from Enterprise Franklin Development Trust described AREDA as a forum to exchange information and communicate better, although she specified she was not around when the organisation was founded. She and the CEO of Rodney Economic Development Trust expressed disappointment in the political focus of the organisation and said they would have wished for more concrete actions and projects on the economic geography of the region. This does seem to occur in some areas,
however. The CEO from the Rodney Economic Development Trust mentioned that she worked on a very practical project with Enterprise North Shore and was talking about working more closely with the Franklin EDA as they have a similar economic profile.

In relation to the Super City model proposed at the time of the interviews, five out of six practitioners talked about the possibility and/or the capacity for EDAs to be the delivery arms of a regional economic development policy. The CEO of the Rodney Economic Development Trust explained the importance of the EDAs, their value and the loss which will be created if the EDAs disappear:

I think the day to day stuff that we are doing gives us a value: communication and implementation channel that’s not available anywhere else... We can do it without a lot of administrative encumbrance. And it is being that catalyst, its being where the opportunities are, having those eyes and ears and those senses out all the time. Making it work, just facilitating, mediating and being the catalyst and then stepping back and maybe monitoring and guiding—well who else is going to do that?... (CEO of Rodney Economic Development Trust, 2009).

This argument is significantly related to implementation. Even the Economic Development Group manager of Auckland City Council proposed to have organisations like the EDAs for the implementation of the Super City Council’s Regional Economic Development Plan. He did emphasise, however, the need for the current agency to establish its value. From his point of view, EDAs would deliver the economic development strategy framed by the Super City. Therefore, he mentioned the need to have a uniform model across the Auckland region with one of two EDAs for the Auckland Isthmus, based on demand. All strategies, he said, should be owned by the Auckland Council. It would ensure consistency and avoid competition. Finally he saw the creation of one council-controlled regional implementation agency working on tourism and major overseas investment, promotion and destination marketing.

The practitioners from EDAs interviewed did not mention much about how they see themselves contributing to the regional economic development strategy; they appeared to be more preoccupied with positioning themselves as implementation agencies. The CEO of North Shore, however, mentioned that he would expect a feedback loop so they could make some input into strategy. Only the CEO from Enterprise Franklin Development Trust seemed worried about being an implementation body alone. She was concerned that having a regional council singly controlling the content of the strategy could cause the strategy to be urban-centric again.

One thing which emanates from these interviews is the clear disconnection presently between the regional economic development work and the locality based work of the EDAs. The CEO from Enterprise North Shore mentioned this disconnection between the EDAs and Auckland Plus.
According to him, there is no significant partnership between them. However, a number of agencies mentioned the importance of this connection:

You really need the connection with locals – you need to keep local with local – you could have a regional agency, you could even have a regional agency with branches, but make sure those branches are right in with their local community (CEO of Enterprise Franklin Development Trust, 2009).

The Economic Development Group from Auckland City Council seems to be the exception in this viewpoint, mentioning that he works with the Auckland Plus and the Auckland Regional Council a little but to a lesser extent with the other councils.
7.8 Conclusion

There are three different ways to practice LED in the Auckland region:

1. The way of Enterprises Manukau, Enterprise North Shore and Waitakere Enterprise

2. The way of Enterprise Franklin Development Trust and Rodney Economic Development Trust

3. The way of the Economic Development Group from Auckland City Council.

The first three EDAs were created during the second pattern by local councils as Enterprises agencies, an Australian inspired model. Most of the funding received was first from Central Government to deliver on programmes with main focus of providing support in the development of businesses like BYOB. Thought these programmes government wanted to address unemployment. Programmes proposed from central government were market oriented: help yourself, start your own business. This was acceptable to the philosophy in place at the time. In parallel to establishment of enterprise agencies, economic development agencies made their appearance across the country in other part of New Zealand. With the creation of a country wide network EDANZ, these three Enterprise agencies associated themselves within the economic development approach taking over the enterprise development one. These organisations have still activities that demonstrate this first focus on enterprise development. Business services are their most developed and diversified set of activities. In terms of their relationship with funding agencies, these EDAs have never developed a strong relationship with central government who collaborate with from the beginning as delivering agencies on his programmes. When the funding stop from central government, they became highly dependent of local government and where their casting of delivery agency stayed. These EDAs from the first group have already joint the new Super council’s economic development delivery agency.

The second group, Enterprise Franklin Development Trust and Rodney Economic Development Trust were created around the same time than the Local Government Act 2002 which favoured the development of community through four aspects, the four well beings: social, economic, environmental and cultural. To pursuit this, the Labour Government was met to partner with local agencies and organisations, public, private and non for profit. It brought back broader responsibility for councils. Franklin and Rodney were created in the mist of all this and appear to have developed relation of partnership with their council. They are independent trusts and not council controlled as the first three. In Franklin particularly, the EDAs play a significant role in the
development of the strategic plan. In the context of the establishment of a new Super council for the Auckland region, these two are still in negotiation concerning their place face to regional economic development delivery agency. These EDAs from these groups are also located in the less urban area of the region and their place in a mostly united mostly urban region is a concern.

Finally, the enterprise agency set in Auckland city in the 1990s disappeared with the funding from Central government. The Auckland City created an inside group responsible of economic development and never provided with significant funding the outside agency. The presence of other active players in this city like the Chamber of commerce may have been one incentive for not funding another agency. In addition, Auckland city included the central business district and therefore economic development considerations which overpass the only city. The city might have wanted to deal themselves with these significant challenges
The following chapter presents a discussion on the comparison between the two stories of local economic development presented in this thesis. This section responds to the global hypothesis of the research project:

*LED practice is shaped by its story of development including the broader cultural, political, economic and social dynamics in which it evolves.*

The discussion is structured around the patterns of development introduced. The first pattern of each region highlights the dynamics and the forces in place preceding the initiation of LED. Comparing these patterns show how these have conditioned the practice of LED. The second pattern recounts the story of how LED raised and developed over the first few years of its creation. Comparing these patterns highlight how the objectives and programmes developed for LED were different in both regions. Finally, the third pattern recounts the most recent changes and what it has become once the ‘experimental phase’ has passed. It also illustrates a change in the surrounding challenges.

In this comparative analysis of the stories of development, references to current LED practice are also made to establish links between the past and the present.

### 8.1 First pattern

The first pattern represents the period preceding the initiation of LED in the Montreal and Auckland metropolitan areas. Many distinctions can be made between Montreal and Auckland when discussion the dynamic in place leading to LED.

A first observation is that economic development was definitively a provincial concern in Quebec and a national concern in New Zealand. Both governments were engaged in supporting a welfare system and were highly involved in managing the economy. However, the motivations and the tools developed were different. In Quebec, the government wanted to support the French Québécois in improving their socio-economic situation and insure the protection and development of the culture. To do so, the government created the state enterprise Hydro-Québec. It also created public financial institutions such as Caisse de Dépôt et de Placements giving the government the capacity to finance the creation of large private enterprises like Bombardier and Cascades. This Caisse de Dépôt et de Placements was fed by worker contributions for a universal retirement fund, the Régie des Rentes du Québec. Many of the financial institutions and large
companies still exist in 2010. Socio-economic initiatives were also undertaken including the establishment of the Charter of French Language empowering the French Quebecois and their culture. Regional development also remains significant attention, with its perceived potential to develop all regions of the province.

In New Zealand, the government was involved in managing the economy to maintain full employment like an oath to human decency and the right to work. The government controlled the balance of payments and favored the protection of local manufactures and businesses. Protectionist policies were one of the most significant tools used by the government. When compared to Quebec, New Zealand, was during the first pattern of development already an exporting nation with its primary exports from pastoral industries directed to the United Kingdom. They also succeeded in diversifying export activities when they lost their privileged trading relationship with the United Kingdom diminishing on the UK’s entry into the European Economic Community. In 1965, New Zealand signed free trade agreement with Australia; almost 30 years before Canada signed a similar agreement with the United States.

In New Zealand’s history very few large capital investments have been made domestically – Think Big being an exception in attempting to finance the creation of large kiwi enterprises and industries. In addition, there was no explicit or enduring initiative in regional development in New Zealand at the time. Accordingly, New Zealand’s economic development priorities at the time focused significantly on exports. The government was for example concerned with the need to diversify its exportations, the balance between exports and imports and developing manufacturing for export. In Quebec, the government’s preoccupations was towards building its internal capacity with little concern in exporting as its economy was not as open as New Zealand’s nor dependant on export. There was an obvious and outspoken will in Quebec to developed territories and internal capacities; in New Zealand the focus was external.

As for the points in common, this period was a time during which both regions enjoyed a significant boom of culture and infrastructure. It was a notable period for Montreal as it hosted events like the Universal Exposition and the summer Olympic Games. The subway system was also developed during this period. In Auckland, several infrastructures were built including highways and the art gallery. Auckland had also developed its identity of a Polynesian city.

Between the two regions when discussing the ‘status‘ of each regions within their own country, a significant difference can be made.
As previously highlighted, pastoral products had been New Zealand’s primary export and the contribution made by Auckland in this context was not obvious to all. Its industrial base was relatively small and oriented towards local demand. As a result, Auckland’s expansion was described by some as a ‘problem’ by taking over good agricultural land. There were talks and strategies to stop the growth of Auckland. There is a case to be made for Auckland as developing under-resourced and neglected at the time. It was and continues to be in 2010 a vast metropolitan region with a low population density.

Montreal did not enjoy direct investment from the provincial government neither because it was considered as a growth pole and performing well on its own. Montreal had built an economy based on three main industries: transport, manufacturing and corporate head offices. It enjoyed the reputation of being an important city of Canada, once holding the title of Canada largest city. Its contribution was not questioned. Montreal was a strong and well established industrial centre in North America while Auckland had some manufacturing but never reached a similar status within its region of the world.

In certain areas of Montreal, especially industrial districts, community groups took the lead in improving of the quality of life in their area. These groups achieved some success in working together and mobilising their local citizens. During this period, they build their capacity and knowledge through experimentation and put in place innovative and structuring practice to reach their goal of improved quality of life. The Citizen Committees, the juridical clinic and the community health clinic were only some of these successes. These years had been a school for collective action and several community groups became empowered.

Meanwhile, in Auckland, non-for-profit groups were also involved in the development of their community. They played a significant role in their own area of expertise but they were never considered as the voice of community. The community advisors, council’s employees, were considered responsible for community development. The community advisor was concerned with particular groups of the society facing social challenges. Compared to Montreal and especially to its community groups in industrial districts, Auckland did not enjoy the same level of mobilisation of its local population on development issues and living conditions.

The economic crisis of the early 1980s, the lack of public funds and a dramatic increase in unemployment affected both Montreal and Auckland. This led; inevitably it seems, to the initiation of local economic development.


8.2 Second pattern

In the early 1980s, Auckland and Montreal faced a similar challenge: unemployment caused by the economic crisis of the 1980s and an economic restructuring phenomenon. A large number of those affected by unemployment in both regions were workers in manufacturing sector. In Auckland, there was an ethnic component within this number as a significant proportion of those unemployed were pacific islanders and Māori. The impact of the global recession was, however, more spectacular in Montreal as more manufacturing jobs disappeared than in Auckland. All the while the suburbs of both cities were booming. In both cases, the service industry gained importance often at the consequence of lower paying positions. As a result to the economic restructuring, local economic development became part of a solution in both regions but developing in different ways.

In New Zealand, the economic policies of the time allowed a financial deregulation and market oriented restructuring. Growth replaced employment in central government economic policy. Most of the legacy from the welfare system disappeared and a process of public asset privatisation followed. Finally, the implementation of private sector practice in the public sector favoured a new focus on narrower outputs and a user pay philosophy. In Québec, economic policies were focussed on developing knowledge based industries and exports. This was aligned with the provincial economic development policies favouring international market expansion and investment in new industries including aerospace, pharmaceutical and information technology. These new industries evolved mostly in the suburbs and in particular in Laval. It is during that time that Laval Technopole emerged.

In both Auckland and Montreal, employment was separated from economic development policies became a social concern and was decentralised.

In Montreal, community organisations empowered during the previous pattern became involved in local economic development initiatives. To fight unemployment and poverty in the old industrial districts of Montreal, local actors mobilised and established the Corporation de Développement Économique Communautaire (CDEC). These were the first economic development initiatives at the local level in Montreal. Their governance boards comprising representatives from various local groups of interests.

In New Zealand, local economic development emanated from a complex range of initiatives sponsored by central government, led by a mixture of local governments and local individuals.
From a central government perspective, employment services were something which should be delivered at the local level. It developed programmes like Be Your Own Boss to fight unemployment and identified local agencies to deliver them. A contract linked central government with its local partners. In Auckland, local governments and community-based individuals worked together to develop approaches for business and employment development. The enterprise agencies which became the economic development agencies (EDAs) were established and affiliated with local governments. However, their funding was mainly serviced from the various programmes initiated by central government. The EDAs were first considered as enterprise agencies, an inspiration from Australia. It also fitted with the focus of the programmes financed by central government. These programmes encouraged the creation and maintenance of business with the intention to foster employment. EDAs had a more specific approach to LED than the CDECs. The work undertaken directly with the unemployed aimed at supporting them to establish their own business.

Concerning the CDECs, fairly early in their development process the three levels of government in Canada became involved in financially supporting them. In fact, all three governments contributed in financing a five-year pilot project during which time the CDECs had large and broad orientations from governments and the flexibility to develop and experiment with their approaches. Directions from governments favoured local engagement, reintroduction of the unemployed into the labour market, and assisting enterprise to maintain and create jobs.

The EDAS delivered on their contracts signed with central government. When well-managed, they generated money and delivered on their own mission. However, as far as central government was concerned, it financed programmes concerning business services for creating employment. They were not involved in creating structures for local economic development and never directly supported these agencies in the long term or for broader orientations.

One of the first differences to note between Montreal’s CDECs and Auckland’s EDAs is where the community groups emerged. In Montreal, the CDECs were concerned with unemployment and poverty and cropped up old industrial districts. In Auckland, EDAs emerged all over the region, with the exceptions of Franklin and Rodney districts and not just in the areas experiencing higher unemployment and poverty. This explains how the CDECs developed their socio-economic approach to fight social exclusion still apparent today. CDECs are very involved in labour market reintegration, although they have lost some ground in this area with the creation of the Centres locaux d’emploi (CLE). In Auckland, the main groups affected by unemployment and poverty in industrial districts were primarily Maori and Pacific peoples. The hypothesis which can be made
here is that the initiatives put in place by Maori and Pacific Island groups and financed by central government would have had a similar approach that of the CDECS. In any case, the development of these particular communities seemed to be viewed as separate or distinct from the work undertaken by the EDAs. EDAs did not really focus in particular on those who had lost their employment. The closest EDAs came to servicing the unemployed was through the Be Your Own Boss programme which invited the unemployed to establish their own businesses. Helping yourself was acceptable for the central government in place. In addition, their work was also shaped by the programmes financed by central government developed as an approach focusing on servicing business.

The broader approach encompassing social and economic considerations of the CDEC also reflected the understanding that was reached between central government and the local agencies. The CDECs had the chance to receive money from all levels of government to deliver on their own mission responding to the needs of their localities. They had the space to experiment and developed their approach as they saw fit. In Auckland, the EDAs never enjoyed this kind of flexibility or recognition from central government. The central government always viewed EDAs as delivery agencies. In 2010, before the takeover by the one Auckland Council, the agencies established during that time are often cast in the role of delivering agencies by their new main funding agencies, local governments. Due to the approach of the government in the second pattern of development which favoured the separation of policy from delivery of services and the reduction of LED the narrow range of objectives, it is hard to imagine how these EDAs could have acquired the flexibility for any experimentation. There was decentralisation in terms of taking care of unemployment but the focus was still dictated by Central Government by means of a contractual process.

Over time the CDECs’ partnership with central government and other government bodies became tighter and they lost part of their flexibility but are not still viewed as delivery agencies in 2010. They have learnt to use the various funding programmes toward their mission and main broad orientations. They kept their independence and are consider as strategic partner from their funding agency. In Auckland, central government programmes disappeared. EDAs became dependant on local government’s funding.

When we compare the actual population size of the local territories covered by the LED agencies at the time, (this does not include EDAS from Rodney and Franklin, nor the Laval Technopole) Auckland’s organisations covered a larger number of people. They also covered a much larger territory but managed similar budgets to those administrated by the Montreal’s CDECs. In
Auckland, prior to the creation of EDAs, central government forced the merger of several local councils. When the EDAs were created there were only seven main local territories. In Montreal, the territories were smaller and in that sense closer to the ground up. Finally, the governance board and members and the dynamism of the community groups in the areas covered by the CDECs in Montreal gave the CDECs the opportunity to easily build partnerships and to be well informed of what was happening in their area, especially in making links between social, economic, health and cultural aspects. This allowed them to tackle challenges bigger then them and as at 2010 they still retain the same governance structure. The trust of EDAs in Auckland composed of mostly private and business representatives was well oriented to fulfil the mission of the EDAs based on business services and industrial development.

In terms of LED institutionalisation in Quebec, in each area a CLD was created or the mandate was given to an organisation already, this depended on the local dynamic and governance structure. In areas where municipalities and elected members run a “tight ship”, the CLD mandate stayed within the municipality. In other areas where community groups hold significant power, they got the CLD responsibility. In Laval, the governance of the CLD was given to the CRE which is the council for regional elected members. The dynamic was then obviously different from the CDEC located in the old industrial districts. It was said in the interviews that CLD compared to CDECs, tended to be more business oriented.

### 8.3 Third pattern

During the third pattern development of Auckland LED, two new agencies appeared in Auckland: the Enterprise Franklin Development Trust and the Rodney Economic Development Trust. Both agencies contained the word ‘development’ in their name which was not so with the other EDAs. In addition, the EDA of Auckland City was dismantled and the City Council assumed this role. It is interesting to note that in Montreal city centre there was no independent local economic development agency either. It was a responsibility that Montreal city wanted to maintain inhouse.

In Montreal as in Auckland, local governments became more involved in LED. In New Zealand, the Labour government made it one of the four priorities for local government. However, it never directly recognised the local economic development agencies. Local government was encouraged to partner with other local agencies for strategy development and delivery. In a similar way, the management of Quebec’s CLD funding was given to local municipalities. They could choose to deliver the mandate themselves or change the organisation providing the services. In Auckland the newly created EDAs generally adopted a similar approach to LED as those agencies already in
place. However, there seemed to be a difference in the independence from local government between the new agencies created and those already existing from the second pattern. Franklin and Rodney EDAs are not considered as delivery agencies by their local governments and they are significantly involved in the development of economic development strategies.

In New Zealand, the new Labour government supported the development of regions and for the first time gave a special position to Auckland in an economic development plan.

Pattern three is a period during which metropolitan development and governance became central and metropolitan restructuring was put on the agenda. In Montreal, the restructuring was unsuccessful in practice and then was partly undone leading to the creation of an intricate governance structure. In Auckland the restructuring currently being implemented means the take over of at least three EDAs and the Economic Development Group of Auckland City Council by the new Council. A central CCO was created to deliver the economic development strategy developed by Council.

8.4 Summary of story characteristics

The objective of this thesis has been to present in full two LED experiences in all their complexities to illustrate how practice is shaped by the ‘story’ of development that includes the broader social, political, economic and cultural patterns of development. As seen in this chapter, there are several significant differences in LED practice in Montreal and Auckland that are explained by the different characteristics of their respective stories of development. The characteristics of these stories are summarized in Table 9 below.
<table>
<thead>
<tr>
<th>Montreal</th>
<th>Auckland</th>
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</thead>
<tbody>
<tr>
<td><strong>Social and cultural characteristics:</strong></td>
<td><strong>Social and cultural characteristics:</strong></td>
</tr>
<tr>
<td>• The will of empowering the French population</td>
<td>• The tradition for national government of acting on economic development through financial regulation</td>
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<tr>
<td>• The tradition of having a highly involved government in economic matters</td>
<td>• A belief in the efficiency of the private sector for resource distribution</td>
</tr>
<tr>
<td>• The tradition of regional and local development through institutional development</td>
<td>• Relatively weak involvement in regional development by central government</td>
</tr>
<tr>
<td>• The strong base of community groups</td>
<td>• A small base of community groups</td>
</tr>
<tr>
<td>• A belief in resources redistribution through social services and programmes</td>
<td></td>
</tr>
<tr>
<td><strong>Economic characteristics:</strong></td>
<td><strong>Economic characteristics:</strong></td>
</tr>
<tr>
<td>• A relatively strong and stable internal economy</td>
<td>• Geographically isolated country depending early-on and heavily on agricultural export</td>
</tr>
<tr>
<td>• Economic restructuring and significant unemployment in the 1980s especially in French industrial districts</td>
<td>• A strong agricultural sector in the country with little recognition of the role of Auckland in the national economy</td>
</tr>
<tr>
<td>• Relatively new focus on Metropolitan economic development</td>
<td>• The development of Auckland as a commercial and financial services region</td>
</tr>
<tr>
<td>• Signing of the NAFTA trade agreement favouring industrial development in Montreal</td>
<td>• Economic restructuring and significant unemployment in the 1980s, especially amongst the most vulnerable population</td>
</tr>
<tr>
<td>• The early social and political recognition of Montreal as a major pole of economic development in Canada and in Quebec</td>
<td>• Small industrial base in Auckland</td>
</tr>
<tr>
<td>• The development of knowledge base industries in Montreal</td>
<td></td>
</tr>
<tr>
<td><strong>Political characteristics:</strong></td>
<td><strong>Political characteristics:</strong></td>
</tr>
<tr>
<td>• Major involvement of provincial government in LED</td>
<td>• National government has never recognised EDAs as partner for economic development at the local level</td>
</tr>
<tr>
<td>• Direct recognition of the LED organisation through funding from provincial government.</td>
<td>• A recent strong influence from local councils in LED matters</td>
</tr>
<tr>
<td>• A growing influence from local government actors on LED</td>
<td>• A strong pressure for change in favour of metropolitan economic development as opposed to LED and a strong pressure for institutional changes</td>
</tr>
<tr>
<td>• Very little decentralisation of power</td>
<td>• Ad-hoc funding programmes from central government based on a “help yourself philosophy” (on a contract basis)</td>
</tr>
<tr>
<td></td>
<td>• Decentralisation of power concerning employment matters</td>
</tr>
</tbody>
</table>
CONCLUSION

Consequences for practice

This thesis has sought to demonstrate that LED practice is conditioned by multidimensional environments. It is based on an aspiration that it could help those involved in LED practice to develop further awareness and interest in understanding their environment. This is especially so when practitioners are making decisions in developing policies and programmes, choosing funding arrangements, choosing strategic partners, and/or developing initiatives. It has also identified some specific and modern challenges concerning the future of the practices which are summarised below.

The two case studies recounted in this research showed that two aspects of practice that had the most direct impact on the future of LED: (1) central or provincial government’s orientations in terms of social and economic development; and (2) local power structure or local governance. The first aspect refers to all policies, programmes and practices adopted by the government, such as the financial culture implemented in New Zealand or the CLD institutionalised in Quebec. The local structure refers to the balance of power between local government and LED agencies and other community groups. This raises a significant challenge for practitioners: how to develop negotiation power and be seen as a strategic player and a partner to funding agencies and other influential groups? This is even more difficult in New Zealand where a culture of ‘contract delivery’ is well implemented.

Economic development organisations can develop structuring initiatives only if they have a certain flexibility and autonomy to do so. Of course monitoring and evaluation must be favoured between the organisation and the funding agency to ensure transparency. However, this should be designed to allow flexibility in the organisations responsible for LED. An organisation that can only implement a narrow range of activities can be easily replaced, and is less inclined to engage in meaningful and integrated initiatives.

In addition, local organisations that work alone tend to have less political power and capacity than those that work in partnership with other local actors. Collaboration and coordination between local organisations, done well, can allow the organisations involved to tackle issues which are bigger than themselves.

Contribution to theory

Normative theory is well developed in the local economic development field for proposing tools and best practices. These are certainly useful and inspiring for the development of LED initiatives. However, this thesis attempts to exemplify why practitioners should go further in their efforts to understand the social, cultural, economic and political contexts, so that they are better prepared to
face their own specific challenges and thus implement relevant, strategic and sustainable LED initiatives. Strategies need to stay true to the factor of relevance; what is successful in one context may not work in another. Nor can highly defined tools be directly implemented without consideration of their applicability to context. This thesis provides an argument that theory has to better equip practitioners when facing practical challenges.

In that sense, the thesis results are aligned with Polese’s (n.d.) conclusions on LED theory: that further contributions are needed from sociology, anthropology and political science because LED is a multidisciplinary and messy field. Accepting the idea that every place faces its own unique challenges suggests that theory must also include perspectives from other, various fields of study.

This thesis contributes to the argument that it is impossible to develop one normative theory that can universally support practice. Research can make significant contributions by unraveling the real challenges faced by LED practitioners and by developing solutions to address those challenges through flexible and responsive strategies.

Thus, this research contributes to theory by 1) unraveling and identifying the variety of challenges faced by practitioners through the documentation of real stories; and by 2) identifying specific contextual aspects conditioning the practices observed.

**Future research**

Unraveling the results of other specific stories is needed to develop empirical evidence of the specific characteristics conditioning LED and its practice. This research proposes a series of challenges where research could be further progressed. Apart from strategic partnership and evaluation concerns already identified in the section *Consequences for practice* above, four additional challenges are summarised below.

Firstly, this thesis demonstrates that there is no uniform understanding by practitioners as to what LED should achieve and how it should be achieved. Unemployment, which was the original reason for implementing LED practice, is also where social and economic considerations meet. In their approach, CDECs decided to directly act on unemployment by providing significant support and by developing the economy through industrial development. EDAs decided to act on unemployment indirectly, mainly by pursuing the growth of the economy through business development. This brings to light questions such as; should LED practitioners concentrate first on employment or on measures which could potentially generate employment in the longer term? How can the social and economic dimension be balanced and integrated to provide strategic initiatives and sustainable results?

Secondly, this thesis highlights the need for further investigation concerning the most appropriate level to develop strategies for LED (whether local, regional or national). Decentralisation of power over
LED tends to be preferred, but total disconnection between local, regional and national priorities for economic development raises concerns. At what level, therefore, should LED strategies start to be organised?

Thirdly, the local governance of LED and the drivers for its success is a theme that deserves to be studied further. In the case studies presented in this research, it was clear that local governance, including the power and responsibilities of local government agencies, independent agencies and council control organisations have a major influence on LED practices. Further research could address the concern of having one entity developing LED strategy with another entity responsible for implementing it.

Finally, this thesis raises the challenge of the co-habitation between LED and metropolitan economic development organisations. Documenting real life experience, with the objective of providing insights on how to maintain this co-habitation, should be a key concern for researchers. The case studies presented in this thesis suggested that recent decisions have favoured one level over another. In Auckland, government has favoured metropolitan economic development organisations over local economic development; while the opposite could be said about Montreal. However, there is an argument to be made that both types of organisation play a distinct but -interrelated role, and that they should be able to co-exist. In summary, research can provide favourable insights on how governance can favour successful co-habitation of local and metropolitan economic development.
APPENDICES
Appendix 1: Participant information sheet

Participant Information Sheet

Date Information Sheet Produced
03 June 2008

Project Title
Local Economic Development in Practice: A Comparative Study between Auckland and Montreal

An Invitation
You are invited to participate in a research project on Local Economic Development carried out by Marie–Renée Lambert. This research will contribute to her Master of Philosophy in Economic Development. Marie-Renée is a Research Officer and a part-time Master Student with the Institute of Public Policy within AUT University in Auckland, New Zealand. Your participation is voluntary only and you may withdraw at any time up to the end of data collection without any adverse consequences.

What is the purpose of this research?
This research will contribute to a thesis for MPhil in Economic Development. The thesis will seek to define, compare and analyse the practice of Local Economic Development (LED) in the cities of Montreal and Auckland. It will focus on identifying and comparing the policies and programmes for LED in both cities. Furthermore, it will study the interpretation and approaches of LED concepts by individual leaders and practitioners including their personal understanding of LED.

The research will also review the development of both cities during the last 50 years. This will include the evolution of LED practice overtime contextualised in the general historical development of both cities in a broader sense. It will incorporate socio-economic, political and cultural changes affecting LED practice. This review, in addition of setting the necessary context to the thesis, will also provide an understanding of where the current practice is coming from. The thesis will indentify if they are a continuation of a longer pattern of LED practice or if they represent new initiatives.

The thesis will be informed by accessing secondary literature, primary documentation on LED practice in both cities and through interviews with 5 – 6 key practitioners from each city. At the interview stage, primary and secondary literature will have been consulted and a chapter on the history of LED and on the current situation of LED practice of each city will have been
written. Therefore, interviews will be used only to clarify, to confirm and to add detail to the literature findings.

An article may be published when the thesis is completed.

**How was I chosen for this invitation?**

The researcher believes that you are a key practitioner with significant experience in Local Economic Development in Auckland.

**What will happen in this research?**

In the possibility that you accept to participate, an interview will be scheduled with you and occurred at your office or any other place of your choice. The interview will run approximately 60 minutes and will be audio taped. The interview will then be transcribed and analysed by themes and in comparison with other interviews.

**What are the discomforts and risks?**

In the final report, your name will not be given but your organisation and/or position will be identified. There is therefore some possibility that you may be identified indirectly. Your complete confidentiality can not, therefore, be guaranteed.

The reason that naming your organisation is important is because a key component of the research is identifying the different practice of organisations involved with Local Economic Development. This will help develop understanding of how different organisations interact with the local context and contribute to the story of development.

**How will these discomforts and risks be alleviated?**

As mentioned before you may withdraw at any time during data collection without any disadvantage to you. To ensure you this freedom, a Consent Form will be signed prior to the interview where the ability to withdraw is clearly outlined.

**What are the benefits?**

This research will benefit the participants as they will be given the opportunity to share their experience of their field and to reflect on its practice. They will also receive a copy of the research report once completed which will inform them on LED practice in their own city and a second city from another country. This research will also provide a critical analysis of the practice in Auckland and Montreal which could be very constructive for some practitioners.

**How will my privacy be protected?**

No one beyond the researcher and her supervisors will have access to the transcribed interviews and collected data without signing a confidentiality form. The transcript and the audiotape of your interview will be kept in a secured room for 6 years and then be destroyed.

**What are the costs of participating in this research?**

The only cost for the participants is your time for the interview which will be 60 minutes.

**What opportunity do I have to consider this invitation?**
You have 1 week to consider this invitation. You will be contacted by phone on the (put Date here) by Marie-Renée Lambert to discuss your decision and to answer further questions you may have.

How do I agree to participate in this research?

In the case you accept the invitation to participate in this research, the Consent Form will be sent to you by email and is to be completed prior to the interview. The researcher will review the Consent Form with you before commencing the interview and will ensure all questions have been answered and that you are comfortable with participating in the research.

Will I receive feedback on the results of this research?

Yes. Once all the interviews are completed, the researcher will complete her thesis and provide a copy of the final report to all participants.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisors, Professor Ian Shirley, ishirley@aut.ac.nz, and a 09 921 9999 ext 8455, or Carol Neill, cneill@aut.ac.nz, and a 09 921 9999 ext 8480

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Madeline Banda, madeline.banda@aut.ac.nz, 921 9999 ext 8044.

Whom do I contact for further information about this research?

Researcher Contact Details:

Marie-Renée Lambert, mlambert@aut.ac.nz, 09 921-9999 ext 6203

Supervisor Contacts Details:

Professor Ian Shirley, ishirley@aut.ac.nz, and a 09 921 9999 ext 8455, or

Carol Neill, cneill@aut.ac.nz, and a 09 921 9999 ext 8480

Approved by the Auckland University of Technology Ethics Committee on 18/08/2008, AUTEC Reference number 08/159.
Appendix 2: Indicative questions

Each participant will have a slightly different interview as the information collected in the prior documentation research and previous interviews will vary and evolve through the process. Each of the participant or their organisation will have occupied a particular position in the ‘Story of Development’ or in the current picture of LED. The following questions are broad and flexible to allow adaptation to these variances.

Indicative Questions

- How have things changed and evolved since you started working in the LED field?
  - What do you see as the most successful project that you or your organisation ever done in the LED field?
  - What do you think were the success ingredients?

- What is your background in terms of education and experience?
  - How did you come into this work?
  - What learning has most influenced your practice?
  - Do you feel that you have a specific philosophy behind your practice?

- What do you see as being the overall purpose of LED? How social and cultural dimensions play a role in LED? Why?

- How is this purpose translated in your practice?
  - Strategic objectives
  - Approach to LED
  - Programmes
  - Projects
  - Founding
  - Partnerships and relationships

- What do you see as today’s’ biggest challenge and opportunity for LED practitioners to serve the overall purpose of LED?
  Depending on the findings of the prior research and the themes covered during the interview at that point, further clarification could be asked around:

  - Projects
  - Programmes
  - Governance
  - Founding
  - Particular characteristics of the participants or of his organisation – understanding the rationale of these specificities
Appendix 3: Socioeconomic profile of local territories in Montreal

Borough of Rosemont-La Petite-Patrie

The CDEC Rosemont-La Petite-Patrie covers two districts of Montreal: Rosemont and La Petite-Patrie. These two districts also form a borough of the City of Montreal: Rosemont-La Petite-Patrie.

According to the 2006 population Census of Statistics Canada, Rosemont-La Petite-Patrie encompasses 133,618 people. After the borough Le Sud Ouest this borough is the less populated Local Territory (LT) studied for the metropolitan region of Montreal and represents 3.7% of this region. This district has the second smallest land area amongst all LTs studied\(^\text{50}\) with 15.9 km\(^2\). Its population has grown by 1.8% between 2001 and 2006. Rosemont-La Petite Patrie’s population density is the second largest compared to the other LTs studied with 8,430 people per km\(^2\). It is an urban area. The Director of the CDEC interviewed mentioned that:

Geographically, we are located within the heart of Montreal. It is an area full of parks, (…) there is a large park which is the Parc Maisonneuve which is in Rosemont but also it is a place with several green spaces, threes and commercial streets, nice houses, and rental is still affordable, although increasing. It is well deserved by public transportation and there is a baby boom, we can see that there are more and more families. There is a will from the residents to improve the quality of life. (Director of CDEC Rosemont-Petite-Patrie, 2008, Author’s translation)

In terms of general cultural diversity, Rosemont-La Petite-Patrie’s population encompassed 20% of immigrants with a majority of French, Haitian, and Algerian.

\(^{50}\) “LTs studied” refers in this appendix to the Local Territories studied in this thesis within the Montreal Metropolitan Region.

### Table 10: Population Profile of Rosemont-La Petite-Patrie, 2006

<table>
<thead>
<tr>
<th>Total Population</th>
<th>133,618</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of Montreal Metropolitan Region’s population (%)</td>
<td>3.7</td>
</tr>
<tr>
<td>Land area (km(^2))</td>
<td>15.9</td>
</tr>
<tr>
<td>Population density</td>
<td>8,430</td>
</tr>
<tr>
<td>Population change between 2001 and 2006</td>
<td>1.8%</td>
</tr>
<tr>
<td>Immigrants</td>
<td>26,345 (20%)</td>
</tr>
<tr>
<td>France</td>
<td>10.3</td>
</tr>
<tr>
<td>Haiti</td>
<td>9.9</td>
</tr>
<tr>
<td>Algeria</td>
<td>6.9</td>
</tr>
</tbody>
</table>

The director interviewed mentioned that there we need to stop the flux of population moving to the suburbs. Therefore, there is a need to offer social housing, cooperative housing and improve access to property for young families. Table 11 shows that Rosemont-La Petite-Patrie presents the second lowest unemployment rate, 8.4%, amongst the LTs studied. The median income is $28,831 which is the second highest amongst the LTs studied.

In addition, there are 59.6% of people over 15 years old who have a post high school qualification. When we look at the income distribution in Table 12, we see that 20.8% of the population over 15 years old earn $10,000 and less and 9% earn $60,000 and more.

In the 2006 Census, 11% of the population over 15 years old living in the borough work outside of Montreal City.

The main industries in terms of employment provision within the borough of Rosemont-La Petite-Patrie are Health Care and Social Services (12.4%), Retail Trade (10.2%) and Manufacturing (9.8%).

The Director of the CDEC interviewed mentioned that one of its challenges is that there is not really any industrial zone. Actually the one in place are vacant old industrial building, heritage from the clothing industry:

Table 11: Work, Income and Education in Rosemont-La Petite-Patrie, 2006

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>8.4</td>
</tr>
<tr>
<td>Average Income (15 years and over, before income taxes)</td>
<td>28,831</td>
</tr>
<tr>
<td>Education (% people over 15 with post-high school qualifications)</td>
<td>59.6</td>
</tr>
</tbody>
</table>


Table 12: Income distribution in Rosemont-La Petite-Patrie, 2006

<table>
<thead>
<tr>
<th>Income (Before income taxes)</th>
<th>Residents (15 and over)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$10,000</td>
<td>23,035</td>
<td>20.8</td>
</tr>
<tr>
<td>$60,000 or more</td>
<td>9,960</td>
<td>9</td>
</tr>
</tbody>
</table>

Our industrial zones need to be reviewed, there were design in certain period, there are old buildings, beautiful buildings some which are currently being revamped. The challenge is to bring back the “specialised” businesses in this sector. Bring back jobs within the heart of Montreal.

<table>
<thead>
<tr>
<th>Table 13: Industries in Rosemont-La Petite-Patrie by number of employees, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proportion of population over 15 years old working outside of Montreal City (%)</strong></td>
</tr>
<tr>
<td><strong>Main industries for work (%)</strong></td>
</tr>
<tr>
<td>Health Care and Social Services</td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
</tbody>
</table>

Borough of Villeray-Saint-Michel-Parc-Extension

The CDEC Centre-Nord covers three districts of Montreal City: Villeray, St Michel and Parc-Extension constituting the borough of Montreal Villeray-Saint-Michel-Parc-Extension.

According to the 2006 Census of Statistics Canada, the Borough of Villeray-Saint-Michel-Parc-Extension encompasses 142,825 people. It is the second most populated borough of Montreal City The land area covered by the borough represents 16.5 km². The borough of Villeray-Saint-Michel-Parc-Extension’s population density is the highest within TAs studied with 8,661 people per km². It is an urban territory. Its population has grown by 1.8% since the 2001 Census.

About the geography of the borough, the Director of the CDEC interviewed mentioned that the three districts merged together into a borough have really little to do with each other, no sociological link between them; it is only an administrative bound. He added that this was reinforced by the fact that Parc Extension was isolated, to the north, South, East and West by highways and train tracks. According to him the borough is an area which the identity needs to be built.

Table 14: Population Profile in Villeray-Saint-Michel-Parc-Extension, 2006

<table>
<thead>
<tr>
<th>Total Population</th>
<th>142,825</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of Montreal Metropolitan Region’s population (%)</td>
<td>3.9</td>
</tr>
<tr>
<td>Land area (km²)</td>
<td>16.5</td>
</tr>
<tr>
<td>Population density</td>
<td>8661</td>
</tr>
<tr>
<td>Population change between 2001 and 2006</td>
<td>1.8</td>
</tr>
<tr>
<td>Median age</td>
<td>35.9</td>
</tr>
<tr>
<td>Immigrants</td>
<td>61,110 (44%)</td>
</tr>
<tr>
<td>Haiti</td>
<td>14.9</td>
</tr>
<tr>
<td>Italy</td>
<td>10.6</td>
</tr>
<tr>
<td>Greece</td>
<td>9.4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Of the five LTs studied, Montreal Centre-Nord has the second highest percentage of immigrants at 44% of the population including mainly Haitians, Italians, Greek and Vietnamese. The Director of the CDEC Centre-Nord mentioned:

It is the borough where, with Côte-des-Neiges-Notre-Dame-de-Grâce, we find the most ethnics communities; we say that there are about one undred. They are not all represented equally in number, for example, by memory; we have a dozen of Tibetans, and many dozen of thousands of Haitians. (...) In 1970 in the school I used to go to there was one black student over 2500 students. Today, they probably constitute the majority of student population in this school. (Director of the CDEC Centre-Nord, 2008, Author’s translation)

According to the Director of the CDEC, the population has evolved so fast from an almost entirely French population to a very multiethnic one. He believes that cultural relationship is now a key issue of local economic development.

As Table 15 shows, Villeray-Saint-Michel-Parc-Extension has an unemployment rate of 12%. It is the highest unemployment rate amongst the LTs studied. In addition, the median income is $22,717 and is the second smallest.

In addition, there are 46.3% of people over 15 years old who have a post high school qualification. This is the smallest proportion amongst the LTs studied.

Although all the CDEC territories studied fall completely within or partially within the “T” of Poverty in Montreal, the Centre-Nord represents the poorest of these boroughs. Montreal Centre-Nord displays the worst socio-demographic indicators including highest unemployment, close to lowest average income and lowest level of scholarity (Montreal en Statistiques, 2009). These statistics were further confirmed by the Director interviewed from the CDEC Centre-Nord:

In general, regarding all social or economic indicators, we [display] the highest or the lowest: the highest [proportion of] young girls with unwanted pregnancies, the highest crime, we have

| Table 15: Work, Income and Education in Villeray-Saint-Michel-Parc-Extension , 2006 |
|---------------------------------|-----------------|
| Unemployment rate              | 12              |
| Average Income (15 years and over, before income taxes) | 22,717 |
| Education (% people over 15 with post-high school qualifications) | 46.3 |

everything in highest or lowest. (Director of the CDEC Centre-Nord, 2008, Author’s translation)

When we look at the income distribution in Table 16, we see that 25.3% of the population over 15 years old earn $10,000 and less 4.4% earn $60,000 and more. In the 2006 s, 13% of the population over 15 years old living in the borough work outside of Montréal City.

The main industries in terms of employment provision within the borough of Villeray-Saint-Michel-Parc-Extension are manufacturing (18.7%), retail trade (10.9%) and health care and social services (10.3%).

**Table 16: Income distribution in Villeray-Saint-Michel-Parc-Extension, 2006**

<table>
<thead>
<tr>
<th>Income (Before income taxes)</th>
<th>Residents (15 and over)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$10,000</td>
<td>28,140</td>
<td>25.3</td>
</tr>
<tr>
<td>$60,000 or more</td>
<td>4,910</td>
<td>4.4</td>
</tr>
</tbody>
</table>


**Table 17: Industries in Villeray-Saint-Michel-Parc-Extension by number of employees, 2009**

<table>
<thead>
<tr>
<th>Proportion of population over 15 year old working outside of Montreal City (%)</th>
<th>13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main industries for work (%)</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>18.7</td>
</tr>
<tr>
<td>Retail trade</td>
<td>10.9</td>
</tr>
<tr>
<td>Health care and social services</td>
<td>10.3</td>
</tr>
</tbody>
</table>

Borough of Le Sud-Ouest

The CDEC RESO was the first LED organisation created in Montreal. It covers six districts in the city: Saint Henri, Petite-Bourgone, Pointe Saint-Charles, Ville-Émard, Cote Saint-Paul and Griffintown constituting the borough of Montreal Sud-Ouest.

According to the 2006 Census of Statistics Canada, borough of Le Sud Ouest encompasses 69,860 people. This borough has the smallest land area of 15.7 km² of the LTs studied and a population density of 4,455 people per km². Its population has grown by 5.1% between 2001 and 2006, the second largest growth amongst the LTs studied after Laval.

Finally, in terms of general cultural diversity, the borough of Le Sud Ouest encompasses 23% of immigrants including mainly people from China, Italy and Bangladesh.

The Sud-Ouest is an area that was largely affected by the Fordism crises and has experienced the largest decrease of population between 1966 and 2006, with a decrease of approximately 37.6% (Montreal en Statistiques, 2009). Once the centre of industrial development for the country, Montreal Sud-Ouest was hard-hit with the closure of the Lachine Canal in 1965 for the benefit of the St Lawrence Seaway.

### Table 18: Population Profile of Le Sud-Ouest, 2006

<table>
<thead>
<tr>
<th>Total Population</th>
<th>69,860</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of Montreal Metropolitan Region’s population (%)</td>
<td>1.9</td>
</tr>
<tr>
<td>Land area (km²)</td>
<td>15.7</td>
</tr>
<tr>
<td>Population density</td>
<td>4,455</td>
</tr>
<tr>
<td>Population change between 2001 and 2006</td>
<td>5.1</td>
</tr>
<tr>
<td>Immigrants</td>
<td>15,995 (23%)</td>
</tr>
<tr>
<td>China</td>
<td>11.2</td>
</tr>
<tr>
<td>Italy</td>
<td>8</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>7.8</td>
</tr>
</tbody>
</table>


### Table 19: Work, Income and Education in Le Sud-Ouest, 2006

<table>
<thead>
<tr>
<th>Unemployment rate</th>
<th>10.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Income (15 years and over, before income taxes)</td>
<td>22,230</td>
</tr>
<tr>
<td>Education (% people over 15 with post-high school qualifications)</td>
<td>48.4</td>
</tr>
</tbody>
</table>

As Table 19 shows, the borough of Le Sud-Ouest has 10.7% of unemployment and an average income of $22,230. This average income is the smallest amongst the LTs studied. In addition, there are 48.4% of people over 15 years old who have a post high school qualification. This is the second smallest proportion amongst the LTs studied.

<table>
<thead>
<tr>
<th>Table 20: Income distribution in Le Sud-Ouest, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income (Before income taxes)</strong></td>
</tr>
<tr>
<td>$0-$10,000</td>
</tr>
<tr>
<td>$60,000 or more</td>
</tr>
</tbody>
</table>


When we look at the income distribution in Table 20, we see that 26% of the population over 15 years old earn $10,000 and less and 7.2% earn $60,000 and more. In the 2006, 14% of the population over 15 years old living in the borough work outside of Montréal City.

The main industries in terms of employment provision within the borough of Villeray-Saint-Michel-Parc-Extension are manufacturing (11.5%), retail trade (10.7%) and health care and social services (10.2%).

<table>
<thead>
<tr>
<th>Table 21: Industries in Le Sud-Ouest by number of employees, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proportion of population over 15 years old working outside of Montreal City (%)</strong></td>
</tr>
<tr>
<td><strong>Main industries for work (%)</strong></td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>Health care and social services</td>
</tr>
</tbody>
</table>

Borough of Côte-des-Neiges-Notre-Dame-de-Grâce

The CDEC CND/NDG covers two districts in Montreal: Cote-des-Neiges and Notre-Dame-de-Grâce constituting a single borough of the same name.

According to the 2006 Census of Statistics Canada, the Borough of Côte-des-Neiges-Notre-Dame-de-Grâce encompasses 164,246 people. It is the second most populated LTs studied. This borough has a land area of 21.4 km² and a population density of 7,661 people per km². Its population has decreased by 0.3% between 2001 and 2001. It is the only LTs studied which has a decreased of population during this period.

Amongst the five territories studied, the borough has the highest proportion of immigrants with 47% of the population (Montreal en Statistiques, 2009). They are mainly people from Philippines, China, Rumania and Morocco. When asked to describe the borough, the CEO of CDEC CDN/NDG, mentioned that some named it the ‘prolongation of the Dorval landing track’. According to the CEO, the majority of immigrants in Quebec move to Montreal where a large proportion ends up living in the central districts of Cote-des-Neiges and Parc-Extension. He also added that it is an area of transit, an area with a constant flux of people, where settled immigrants move elsewhere and

<table>
<thead>
<tr>
<th>Table 22: Population Profile of Côte-des-Neiges-Notre-Dame-de-Grâce, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population</strong></td>
</tr>
<tr>
<td><strong>Proportion of Montreal Metropolitan Region’s population (%)</strong></td>
</tr>
<tr>
<td><strong>Land area (km²)</strong></td>
</tr>
<tr>
<td><strong>Population density</strong></td>
</tr>
<tr>
<td><strong>Population change between 2001 and 2006</strong></td>
</tr>
<tr>
<td><strong>Immigrants</strong></td>
</tr>
<tr>
<td>Philippines</td>
</tr>
<tr>
<td>China</td>
</tr>
<tr>
<td>Rumania</td>
</tr>
<tr>
<td>Morocco</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Table 23: Work, Income and Education in Côte-des-Neiges-Notre-Dame-de-Grâce, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployment rate</strong></td>
</tr>
<tr>
<td><strong>Average Income</strong></td>
</tr>
<tr>
<td><strong>Average Income (15 years and over, before income taxes)</strong></td>
</tr>
<tr>
<td><strong>Education (% people over 15 with post-high school qualifications)</strong></td>
</tr>
</tbody>
</table>

new immigrants move in. Particularly in the Côte-des-Neiges area the flux of people is furthered amplified with a large student population.

As Table 23 shows, the Borough of Côte-des-Neiges-Notre-Dame-de-Grâce has an unemployment rate of 10.9% which is the second highest amongst the LTs studied. However, the median income is $30,029 which is the highest.

In addition, there are 67.1% of people over 15 years old who have a post high school qualification. This is the highest proportion amongst the LTs studied.

When we look at the income distribution in Table 24, we see that 26.9% of the population over 15 years old earn $10,000 and less and 11% earn $60,000 and more. In 2006, 17% of the population over 15 years old living in the borough work outside of Montréal City.

The main industries in terms of employment provision within the borough of Côte-des-Neiges-Notre-Dame-de-Grâce are professional, scientific and technical services (11.7%), health care and social services (11.7%) and education services (11.5%).

In fact, employment statistics (Montréal en Statistiques, 2009) for CDN/NDG present a different profile from any other territory studied. The other four territories have important retail trade,
manufacturing (fabrication) and health and social assistance service sectors with respect to job provision. In addition, the City of Laval also benefits from an important business service sector. By comparison, the government is the main employer in the CDN/NDG borough with health and education services. According to the practitioner interviewed, the CDN/NDG has the highest concentration of health professional offices in the world. Within the Côte-des-Neiges and Notre-Dame-de-Grâce borough there is a significant university and hospital infrastructures.

Furthermore, the CDN/NDG has an important retail trade industry. Another interesting aspect of this borough discussed with the practitioner was that CDN is an area that remains primarily English while NDG has experienced a process of ‘frenchisation’. 
City of Laval

Table 26 highlights the large population and wide area covered by Laval Technopole. Amongst the five territories studied in this paper, Laval comprises the highest population with 368,709 people, the largest territory with 247.09 square km (at least eleven times the size of each of the other LTs studied) the most important population increase between 2001 and 2006 but the lowest population density with 1,492.2 people/km² (Statistics Canada, Census 2006). The City of Laval is a suburb of Montreal located on a second island adjacent to the island of Montreal. Since 1966 its population has doubled benefiting from the ongoing suburbanisation movement (City of Laval, 2006). Laval is now the third most populous city in the province of Québec.

Finally, in terms of general cultural diversity, the City of Laval has the smallest proportion immigrants (equal with the borough of Rosemont- Le Petite-Patrie) with 20% of its population. In terms of visible minority, they are mainly black, Arab and Latin American.
As Table 27 shows, the City of Laval has an unemployment rate of 5.5%, the smallest amongst the LTs studied. The median income is $26,521. In addition, 53.8% of people over 15 years old have completed post school graduation.

There is 16.1% who are considered to have weak revenue. In 2006, 52% of the population over 15 years old living in the City of Laval work outside of it.

The main industries in terms of employment provision within the City of Laval are Business services, (19.6%), manufacturing (14.2%) and retail trade (13.6%).

<table>
<thead>
<tr>
<th>Table 28: Industries in the City of Laval by number of employees, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of working population more than 15 year old working outside of Laval City (%)</td>
</tr>
<tr>
<td>Main industries for work (%)</td>
</tr>
<tr>
<td>Business services</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Table 29: Low income in the City of Laval, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (before income taxes)</td>
</tr>
<tr>
<td>Pourcentage de faibles revenus avant impôt - Toutes les personnes</td>
</tr>
</tbody>
</table>

Appendix 4: Socioeconomic profile of local territories in Auckland

Rodney District

According to the 2006 Census of Statistics New Zealand, Rodney District encompasses 89,559 people. After Franklin District and Papakura District, Rodney District is the less populated Local Territory (LT) of the Auckland Region. This district has the largest land area amongst all LTs in the region with 2,475 km². Its population has grown by 34.7% since the 1996 Census, another record in the region. Despite of this spectacular growth, Rodney’s population density is still relatively low compared to the other LTs of the region, 36.2 people per km².

The EDA’s CEO interviewed described the considerable distances between the various main communities:

(...) we have considerable distances between towns – two arterial roads, two state highways going – one down the east and one down the west with very little cross district connection so there are roads but not good roads, and no public transport, so the historic way they’ve grown up around rail heads or courts has meant that there’s this big hole in the middle and there’s no real focal point. (CEO of Rodney Economic Development Trust, 2009)

Rodney District’s population has the highest median age in the region with 39.8 years old. Finally, in terms of general cultural diversity, Rodney’s population is less diverse than the other LT with the smallest proportion of Pacific Islanders and Asian, and a relatively low proportion of Māori. However, the CEO interviewed mentioned this regarding the Māori population:

(...) it is quite low obviously lower than South Auckland or Waitakere or Auckland City, but they are going to be considerable land holders – they will be the biggest land holders in the

Table 30: Population Profile of Rodney District, 2006

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>89,559</td>
</tr>
<tr>
<td>Proportion of Auckland Region’s population (%)</td>
<td>6.9</td>
</tr>
<tr>
<td>Land area (km²)</td>
<td>2,475</td>
</tr>
<tr>
<td>Population density</td>
<td>36.2</td>
</tr>
<tr>
<td>Population change between 1996 and 2006</td>
<td>34.7</td>
</tr>
<tr>
<td>Median age</td>
<td>39.8</td>
</tr>
<tr>
<td>Ethnic Groups</td>
<td></td>
</tr>
<tr>
<td>Māori</td>
<td>8.7</td>
</tr>
<tr>
<td>European</td>
<td>81.8</td>
</tr>
<tr>
<td>Pacific Islanders</td>
<td>2.1</td>
</tr>
<tr>
<td>Asian</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Auckland region apart from the Council. (CEO of Rodney Economic Development Trust, 2009)

Rodney District is the northern LT. It is constituted of several separate main communities, Orewa (Eastern), Coatesville and Waitoki (Central Rodney), Helensville and Kumeu/Huapai (Western Rodney), Warkworth, Wellsford and Snells/Algies Bay (Northern Rodney) and several smaller settlements. The eastern part of Rodney includes Whangaparaoa Peninsula, which is host to the second largest marina in the Southern Hemisphere. This part of Rodney grew as a retirement and holiday destination (Rodney District Council, 2010). About the eastern area of Rodney, the CEO interviewed added:

(...)with the environment on the east coast lent it to a lot of holiday, batch and of course with transport out of Auckland being quite difficult in those early days, before the harbour bridge was built, really was a holiday place – lots of batches on the Whangaparoa and up along the east coast and it’s taken a while for that to shift so the townships grew up really as rural service towns and not really with a focus on any other sort of industry, consequently we haven’t really got a lot of industrial infrastructure, lovely visitor destination so what happened is the viticulture side has added to the destination factor – a lot of recreation on both coasts. (CEO of Rodney Economic Development Trust, 2009)

Rodney was formed in 1989 as part of the local government reform. Helensville borough and Rodney County were merged together. However, the participant mentioned that in the local dynamic, local communities still see themselves very independent. She highlighted that the spread geography underline this dynamic.

Table 31 shows that Rodney District presents the lowest unemployment rate, 3.4%, amongst the LTs of the Auckland region. However, the median income is $26,600 which is two hundred dollars lower than the regional average. In addition, there is 2.6% less people over 15 years old who completed post school graduation in this district than in the Auckland region. When we look at the income distribution in Table 33, we see that 27.7% of the population over 15 years old in Rodney District earns $15,000 and less in 2006.

| Table 31: Work, Income and Education in Rodney District, 2006 |
|-----------------|------------------|
| Unemployment rate | 3.4              |
| Median Income (15 years and over) | 26,600           |
| Education (% people over 15 with post-school qualifications) | 39.9             |

We can also say that more than 47% of the population over 15 years old are or earning the very lowest or the very highest incomes in the districts. It is the larger proportion of population sitting in the extremes amongst all the LT of the Auckland region. It indicates that the income is not well distributed in this district.

<table>
<thead>
<tr>
<th>Table 32: Income distribution in Rodney District, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
</tr>
<tr>
<td>$0-$15,000</td>
</tr>
<tr>
<td>$70,001 or more</td>
</tr>
</tbody>
</table>

Source: Statistics New Zealand, 2009 Business Demographic data.

The Table 33 presents business demographic data from Statistics New Zealand in 2009. It shows that businesses located within Rodney District employ 23,150 people. In the 2006 Census, 44,262 residents from Rodney Districts declared working, part or full time. This means that there is possibly 46.7% of the Rodney’s workers who do not work within the district. After Waitakere, it is the highest flow out of the LT for work within the Auckland Region.

The main industries in terms of employment provision within Rodney District are Construction (15.8%), retail Trade (12.5%) and manufacturing (11.1%). The location quotients presented within the compare the relative importance of an industry in terms of job provision within Rodney District with the same industry relative importance but within the Auckland Region. If the relation (quotient) is higher than 1, it means

<table>
<thead>
<tr>
<th>Table 33: Industries in Rodney District by number of employees, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employees</td>
</tr>
<tr>
<td>Proportion of residents working outside of the district (%) – Smallest estimate</td>
</tr>
<tr>
<td>Main industries for work (%)</td>
</tr>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Highest location quotients (compared with the Auckland Region)</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
</tr>
<tr>
<td>Construction</td>
</tr>
</tbody>
</table>

Source: Source: Statistics New Zealand, 2009 Business Demographic data.
that this industry is over represented in Rodney compare to the region. If the quotient is less than 1 it means that the industry is under represented in Rodney relatively to the Auckland Region. In Rodney, Agriculture, Forestry and Fishing industry is highly overrepresented. It produces 7.5 times more employment than in the Auckland region as a whole. It is also relatively more significant than in the rest of New Zealand as a whole but by a much smaller gap. Construction represents also more proportionally more jobs in Rodney.

Rodney District, although closed to Auckland City, is still very rural. The tension between its agriculture and farming activities and its proximity to the city is real. As explained by the practitioner:

Farming is getting more difficult because of land values, huge growth pressure, residential pressure, a lot of urban flight, so we are seeing a lot of people wanting that lifestyle, they don’t want to live in the town they want that semi rural. They don’t want to work in town necessarily, but they do want the facilities of town – the cafes, food and the convenient shopping and all the rest of it and so with the decline in farming especially sheep and beef and now dairy, the pressure on rural land can be quite considerable like rates rising so the really only alternative for some farmers has been to subdivide and there are not a lot of young farmers coming in so we are getting a succession problem as well so we are seeing a bit of tension there – farmers want to subdivide, Rodney district Council Wants to keep its rural feel and ARC wants too as well so we’ve been quite hampered in that we have had very little industrial land or commercial land zoned. (CEO of Rodney Economic Development Trust, 2009)
North Shore City

According to the 2006 Census of Statistics New Zealand, North Shore City encompasses 205,605 people. It is the third most populated LT in the region. With the second smallest land area, 130 km², North Shore City population density is the highest in the Auckland region with 1,581.6 people per km². Auckland City ranks second as its territory includes offshore less populated islands, the main ones being Waiheke Island and Great Barrier Island. Most of North Shore is urban or suburban.

Its population has grown by 19.4% since the 1996 Census, which is slower than the region’s average with 21.9%, but faster than the national average at 11.3%. After Franklin and Rodney Districts this city’s population has the highest median age in the region with 35.9.

After Franklin and Rodney Districts, North Shore City has the largest proportion of European, 67.5%. Amongst all LTs, it has the smallest Māori proportion with 6.3%. Its Asian population represents 18.6% which is just under the average for the Auckland Region, 18.9%.

North Shore City is located between Rodney District up north and Waitamata Harbour on the South. The Auckland Harbour Bridge connects North Shore City with Auckland City. North Shore experienced a massive growth after the bridge opened in 1959. The City is divided into six community boards: East Coastbays, Albany, Takapuna, Glenfield, Birkenhead-Northcote and

Table 34: Population Profile of North Shore City, 2006

<table>
<thead>
<tr>
<th>Total Population</th>
<th>205,605</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of Auckland Region’s population (%)</td>
<td>15.8</td>
</tr>
<tr>
<td>Land area (km²)</td>
<td>130</td>
</tr>
<tr>
<td>Population density</td>
<td>1,581.6</td>
</tr>
<tr>
<td>Population change between 1996 and 2006</td>
<td>19.4</td>
</tr>
<tr>
<td>Median age</td>
<td>35.9</td>
</tr>
</tbody>
</table>

Ethnic Groups

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Māori</td>
<td>6.3</td>
</tr>
<tr>
<td>European</td>
<td>67.5</td>
</tr>
<tr>
<td>Pacific Islanders</td>
<td>3.2</td>
</tr>
<tr>
<td>Asian</td>
<td>18.6</td>
</tr>
</tbody>
</table>


Table 35: Work, Income and Education in North Shore City, 2006

<table>
<thead>
<tr>
<th>Economic Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>4.3</td>
</tr>
<tr>
<td>Median Income (15 years and over)</td>
<td>29,100</td>
</tr>
<tr>
<td>Education (% people over 15 with post-school qualifications)</td>
<td>47.1</td>
</tr>
</tbody>
</table>

Devonport. Population is relatively well distributed amongst these territories.

As Table 35 shows, North Shore City had an unemployment rate of 4.3% in 2006. After Franklin and Rodney Districts, this is the smallest unemployment rate amongst LTs. In addition, the median income is $29,100 which is 2,300 dollars higher than is the region as a whole. It also has the second largest proportion of population over 15 years old who completed post school graduation amongst Auckland LTs after Auckland City. However, when we look at the income distribution in Table 36, we see that 28.8% of the population over 15 years old in North Shore City earns $15,000 and less. This is the highest proportion after Manukau City and equal to Auckland City. After Rodney District and Auckland City, North Shore City has the next largest proportion of its population earning $70,001 or more. The Table 37 presents business demographic data from Statistics New Zealand in 2009. It shows that businesses located within North Shore City employ 86,350 people. In the 2006 Census, 108,894 residents from North

| Table 36: Income distribution in North Shore City, 2006 |
|---------------------------------|-----------------|-----|
| Income                          | Residents       | %   |
| $0-$15,000                      | 19,362          | 28.8|
| $70,001 or more                 | 13,800          | 11.7|


<table>
<thead>
<tr>
<th>Table 37: Industries in North Shore City by number of employees, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total employees</strong></td>
</tr>
<tr>
<td><strong>Proportion of residents working outside of the district (%) – Smallest estimate</strong></td>
</tr>
<tr>
<td><strong>Main industries for work (%)</strong></td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
</tr>
<tr>
<td>Wholesale Trade</td>
</tr>
<tr>
<td><strong>Highest location quotients (compared with the Auckland Region)</strong></td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>Public administration and safety</td>
</tr>
</tbody>
</table>

Source: Statistics New Zealand, 2009 Business Demographic data.
Shore City declared working, part or full time. Therefore, there is a possibly 20.7% of the workers leaving the city area to go to work. The practitioner interviewed mentioned that in reality it is 38% of the working population.

The main industries in terms of employment provision within North Shore City are Retail Trade (14.2%), Health Care and Social Assistance (12.5%) and Wholesale Trade (11.1%). The location quotients of North Shore City’s industries in terms of employment demonstrate that retail trade and public administration and safety industries are over represented compared to Auckland as a whole.

It is the practitioner’s opinion that North Shore attracts high knowledge and high paying businesses because the City would, according to him, comprises those families and people.
Waitakere City

According to the 2006 Census of Statistics New Zealand, Waitakere encompasses 186,444 people. This City has a land area of 367 km$^2$ and a population density of 508 people per km$^2$. Its population has grown by 19.9% since the 1996 Census, three percents less than for Auckland Region in average. Waitakere City’s population has a median age of 33.6 years old which is slightly younger than the region’s median age. Finally, in terms of general cultural diversity, Waitakere reflects the ethnic profile of the Auckland Region as a whole. 13.1% of its population is Māori compared to 11.1% in the Auckland Region, 15.3 is Pacific Islander compared to 14.4 for the region and 16.2 is Asian compared to 18.9 in the Auckland region.

Waitakere City is located south of Rodney District, neighbour of Auckland City and west of the Waitemata Harbour. The city is divided into four community wards: Henderson, New Lynn, Waitakare and Massey. The highest concentration of population in Waitakere City is closed to its east side of its territory, and closed to Auckland City. Massey Ward is the most populated ward. Waitakere Ward is the less populated but has the largest land area. It encompasses the low populated area of Waitakere ranges.

<table>
<thead>
<tr>
<th>Table 38: Population Profile of Waitakere City, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population</strong></td>
</tr>
<tr>
<td><strong>Proportion of Auckland Region’s population (%)</strong></td>
</tr>
<tr>
<td><strong>Land area (km2)</strong></td>
</tr>
<tr>
<td><strong>Population density</strong></td>
</tr>
<tr>
<td><strong>Population change between 1996 and 2006</strong></td>
</tr>
<tr>
<td><strong>Median age</strong></td>
</tr>
<tr>
<td><strong>Ethnic Groups</strong></td>
</tr>
<tr>
<td>Māori</td>
</tr>
<tr>
<td>European</td>
</tr>
<tr>
<td>Pacific Islanders</td>
</tr>
<tr>
<td>Asian</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Table 39: Work, Income and Education in Waitakere, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployment rate</strong></td>
</tr>
<tr>
<td><strong>Median Income (15 years and over)</strong></td>
</tr>
<tr>
<td><strong>Education (% people over 15 with post-school qualifications)</strong></td>
</tr>
</tbody>
</table>

As Table 40 shows, Waitakere has an unemployment rate of 5.7% slightly higher than in the Auckland Region (5.6%).

However, the median income is $26,600 which is six hundred dollars lower than in the region as a whole. In addition, there is less people over 15 years old who completed post school graduation in this city than in the Auckland Region as a whole. When we look at the income distribution in Table 40, we see that 28.4% of the population over 15 years old in Rodney District earns $15,000 and less in 2006. After Manukau City and equal to Papakura City, Waitakere City has the lowest proportion of population with an income of 70,001 and over. About the wealth of its population, the practitioner interviewed said:

(...) it’s pretty average but there are two areas of wealth and most of the population is in the lower socio-economics, so a lot of socio-economic statistics probably reflects the South, but just the South get more air time but the educational statistics are here, are comparable with South Auckland and in a lot of ways Waitakere – Manukau pretty widely understood that Howick/Pakuranga and the rest. For here it’s Titirangi/West harbour and the rest. So it’s the same dynamics. (CEO of Waitakere Enterprise, 2009)

Business demographic data from Statistics New Zealand in 2009 presented in table 41 shows that businesses located within Waitakere employ 46,750 people. In the 2006 population Census, 88,143 residents from Waitakere City declared working, part or full time. Therefore, there is a net gap of 47% in terms of employment, which means that there is minimally 47% of the population working leaving the city area to go to work. The practitioner interviewed mentioned that in reality it is more than that:

A relatively recently developed part of the Auckland region, historically a dormitory suburb, so its been a place where people live and with a business base that’s historically weighted towards servicing that population base and that history perpetuated the fact that 58% of the population leave this locality each day to work so they work outside the sub economy if you like. (CEO of Waitakere Enterprise, 2009)

<table>
<thead>
<tr>
<th>Income</th>
<th>Residents (15 and over)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$15,000</td>
<td>40,389</td>
<td>28.4</td>
</tr>
<tr>
<td>$70,001 or more</td>
<td>8,361</td>
<td>5.9</td>
</tr>
</tbody>
</table>

Source: Statistics New Zealand, 2006 Census of Population and Dwellings, 
Tables: Quick Stats and Tables about Waitakere City.
The main industries in terms of employment provision within Waitakere City are Manufacturing (17.9%), retail Trade (14.6%) and Education and Training (11.3%). The location quotients of Waitakere City’s industries in terms of employment demonstrate that retail trade and manufacturing are over represented compared to Auckland as a whole. About the industries, the practitioner interviewed mentioned:

No – the Businesses face has historically been in population base – retail and services. It's fairly reflective of the regional averages. We have some specialties like movies and boats but apart from that – oh and plastics for some. (CEO of Waitakere Enterprise, 2009)

<table>
<thead>
<tr>
<th>Table 41: Industries in Waitakere by number of employees, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employees</td>
</tr>
<tr>
<td>Proportion of residents working outside of the district (%) – Smallest estimate</td>
</tr>
<tr>
<td><strong>Main industries for work (%)</strong></td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>Education and Training</td>
</tr>
<tr>
<td><strong>Highest location quotients</strong> (compared with the Auckland Region)</td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
</tbody>
</table>

Source: Statistics New Zealand, 2009 Business Demographic data.
Auckland City

According to the 2006 Census of Statistics New Zealand, Auckland City encompasses 404,658 people. It is the most populated LT in the Auckland Region and in New Zealand overall. This City has a land area of 637 km² and a population density of 508 people per km². Its population has grown by 16.7% since the 1996 Census, 5.2 % less than for Auckland Region in average. It is the smallest growth amongst all LTs in the region apart from Papakura City. However, it is still more than in the rest of the Country. The practitioner interviewed said:

We have certainly a very fast growing city and we’ve got Manukau its faster growing but Auckland city is one of the fastest growing city in the country. That probably brings to a head a lot of those infrastructure issues that we talked about. (Head of the economic development group of Auckland City)

Auckland City’s population has a median age of 33.4 years old which is slightly younger than the region’s median age of 33.9. Finally, in terms of general cultural diversity, Auckland City has the second smallest proportion of Māori after North Shore City with 7.8%. The average of the region is 11.1%. It has the largest population proportion of Asian amongst all the LTs in the region with 24.4%.

Auckland City is located south of Waitakere and North Shore Cities, linked by the Harbour Bridge for the last one. It is also North of Manukau City and it covers the Auckland isthmus and islands on the Hauraki Gulf and outer, including Waiheke and Great Barrier Islands. It is in Auckland

<table>
<thead>
<tr>
<th>Table 42: Population Profile of Auckland City, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population</strong></td>
</tr>
<tr>
<td><strong>Proportion of Auckland Region’s population (%)</strong></td>
</tr>
<tr>
<td><strong>Land area (km²)</strong></td>
</tr>
<tr>
<td><strong>Population density</strong></td>
</tr>
<tr>
<td><strong>Population change between 1996 and 2006</strong></td>
</tr>
<tr>
<td><strong>Median age</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnic Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Māori</td>
</tr>
<tr>
<td>European</td>
</tr>
<tr>
<td>Pacific Islanders</td>
</tr>
<tr>
<td>Asian</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Table 43: Work, Income and Education in Auckland City, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployment rate</strong></td>
</tr>
<tr>
<td><strong>Median Income (15 years and over)</strong></td>
</tr>
<tr>
<td><strong>Education (% people over 15 with post-school qualifications)</strong></td>
</tr>
</tbody>
</table>

City that the main Business District of the metropolitan region is located. The city is divided into seven wards: Avondale – Roskill, Eastern Bays, Eden – Albert, Hobson, Tamaki – Maungakiekie, Western Bays, Hauraki Gulf islands. This are also divided into 10 community boards.

As Table 43 shows, Auckland City has an unemployment rate of 5.7% which is slightly higher than in the Auckland Region (5.6%).

The median income is $28,100 which is $1,300 more than in the region as a whole. In addition, Auckland City has the largest proportion of its population over 15 years old who completed post school graduation amongst all the LTS.

When we look at the income distribution in Table 44, we see that 28.8% of the population over 15 years old in Auckland City earns $15,000 and less in 2006. After Manukau City and equal to North Shore City, Auckland City has the largest proportion of population with an income of $15,000 and less in 2006.

The Table 45 presents business demographic data from Statistics New Zealand in 2009.

It shows that businesses located within Auckland City employ 307,300 people. In the 2006 Census, 202,545 residents from Auckland City declared working, part or full

### Table 44: Income distribution in Auckland City, 2006

<table>
<thead>
<tr>
<th>Income</th>
<th>Residents (15 and over)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$15,000</td>
<td>40,389</td>
<td>28.8</td>
</tr>
<tr>
<td>$70,001 or more</td>
<td>8,361</td>
<td>12.1</td>
</tr>
</tbody>
</table>


### Table 45: Industries in Auckland City by number of employees, 2009

<table>
<thead>
<tr>
<th>Total employees</th>
<th>307,300</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of people working in the city who does not live there</td>
<td>51.7</td>
</tr>
<tr>
<td>Main industries for work (%)</td>
<td></td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>17.9</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>9.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9</td>
</tr>
<tr>
<td>Highest location quotients (compared with the Auckland Region)</td>
<td></td>
</tr>
<tr>
<td>Information, media and telecommunication</td>
<td>1.5</td>
</tr>
<tr>
<td>Financial and insurance services</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Source: Statistics New Zealand, 2009 Business Demographic data.
time. Therefore, Auckland City provides a net extra of employment of 51.7% to the need of its residents.

The main industries in terms of employment provision within Auckland City are Professional, Scientific and Technical Services (17.9%), Wholesale Trade (9.1%) and Manufacturing (9%). The location quotients of Auckland City's industries in terms of employment demonstrate that information, media and telecommunication as well as financial and insurance services are over represented compared to the Auckland region as a whole. About the industries, the practitioner interviewed mentioned:

I guess it’s unique probably in NZ certainly in the region in terms of its – most of its Businesses are located here most of the economic engine of the region is fundamentally here, its unique in the sense that it’s the largest service based, unique to NZ anyway very little primary production is – reasonable manufacturing team-block seems to be commonly manufacturing but it’s a lot of financial services public sector, those kind of things that are in the CBD. I think it’s a challenge in the Auckland City context around the structure, the delivering of economic development that’s certainly, I think it’s a city that has grown and intensified to a point where all of a sudden a lot of infrastructure is was better suited to a city half the size. It’s becoming a challenge to keep the momentum up from an economic development perspective although I mean I would argue that’s an issue across the country a little bit there’s definitely been an infrastructure deficit in my view. (Head of the economic development group of Auckland City)
Manukau City

According to the 2006 Census of Statistics New Zealand, Manukau City encompasses 328,968 people and is the second largest LTs within the region. This city has a land area of 552 km² and a population density of 596 people per km². Its population has grown by 29.4% since the 1996 Census, the second highest relative growth after Rodney District amongst the region’s LTs. City’s population has a median age of 31.2 years old which is the lowest in the region. Finally, in terms of general cultural diversity, Manukau City’s population has the smallest proportion of European population with 40.5% amongst the LTs. It has the largest proportion from far of Pacific Islanders with 27.9% and the second largest portion of population of Asian, 21.5, after Auckland City. The Māori population is also significant representing 15.3% of Manukau City’s population, third largest proportion amongst the LTs of the region.

(I) OK! It’s a city of about 320-330,000 people. Its probably the same size as Christchurch at the moment, we will overtake Christchurch either this year or next year and if we keep the only structures in Auckland that would be creeping up close to the size of Auckland City within about 10 years. Its very fast growing area. Its ethnic makeup is less than 50% of the population are European about 26%/27% Pacific (not sure), about 17/18% are Māori and about 11/12% of other but mostly Asians background people. The other interesting think is that it has a very high percentage of the population under the age of 25 and the lower percentage of the population over the age of 55 than the other cities around NZ. (CEO of Enterprising Manukau, 2009)

Manukau City is located south of Auckland City and North of Papakura and Franklin Districts. The city is divided into eight wards: Botany, Clevedon, Howick, Mangere, Manurewa, Otara, Pakuranga, Papatoetoe. The highest concentration of population of Manukau City is closed to the Auckland City like in Mangere, Manurewa, and Papatoetoe. Clevedon is the largest ward, with the smallest population and a rural feel.

<table>
<thead>
<tr>
<th>Table 46: Population Profile of Manukau City, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population</strong></td>
</tr>
<tr>
<td><strong>Proportion of Auckland Region’s population (%)</strong></td>
</tr>
<tr>
<td><strong>Land area (km²)</strong></td>
</tr>
<tr>
<td><strong>Population density</strong></td>
</tr>
<tr>
<td><strong>Population change between 1996 and 2006</strong></td>
</tr>
<tr>
<td><strong>Median age</strong></td>
</tr>
<tr>
<td><strong>Ethnic Groups</strong></td>
</tr>
<tr>
<td>Māori</td>
</tr>
<tr>
<td>European</td>
</tr>
<tr>
<td>Pacific Islanders</td>
</tr>
<tr>
<td>Asian</td>
</tr>
</tbody>
</table>

As Table 47 shows, Manukau City has an unemployment rate of 7.1%, the highest amongst the Auckland LTs. The median income is $24,200 which is the lowest amongst the LT within the Auckland region. In addition, regarding the people over 15 years old who completed post school graduation in this city, it has the second lowest proportion after Papakura district. When we look at the income distribution in Table 48 we see that 30.2% of the population over 15 years old earns $15,000 and less in 2006. It is the highest proportion amongst all the LTs of the Auckland Region. It also has the lowest proportion in the category earning annually 70,000 dollars and more.

About the wealth and its geographic distribution, the practionner interviews said:

It has the main highway of NZ running directly through the middle of it, the motorway, so it cuts the city into East and West that goes from the West Coast to East Coast and it cuts it directly in half. And interesting that the line divides it also economically. So many people who live in the Eastern suburbs particularly the out eastern suburbs probably are the highest earners, highest wealth, closer into the motorway like Otara and out to the south West and North west are home of the lower economic groups in NZ probably by area.
The Table 49 presents business demographic data from Statistics New Zealand in 2009. It shows that businesses located within Manukau City employ 127,630 people. In the 2006 Census, 142,041 residents from Manukau City declared working, part or full time. Therefore, there is a net gap of 10.1% in terms of employment, which means that there is minimally 10.1% of the population working leaving the city area to go to work. Apart from Auckland City this is the smallest gap.

The main industries in terms of employment provision within Manukau City are Manufacturing (18.8%), retail Trade (9.9%) and Education and Training (9.4%). The location quotients of Manukau City’s industries in terms of employment demonstrate that Transport, postal and warehousing and manufacturing are over represented compared to Auckland as a whole. About the industries, the practitioner interviewed mentioned this about the population, the economy and businesses:

It’s a very new city, its only been around for 40 years and its been very fast so when it was established 40 years ago nothing of this was here everything you see is new. It relies heavily on the manufacturing sector, I think about 27/28% of the activities in the city are around manufacturing, we also relied heavily on the warehousing logistics, distribution and transport sector, and those 2 things are linked together. Its serviced by the Auckland International Airport as a city its got two inland ports – one just slightly to the West – East of the airport and on a slightly North just over the border to Auckland. So those things and with the main road they heavily influence the types of businesses that we got here in fact the freight is moving and goods are moving. There is a heavy service and community sector

<table>
<thead>
<tr>
<th>Table 49: Industries in Manukau City by number of employees, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total employees</strong></td>
</tr>
<tr>
<td><strong>Proportion of residents working outside of the district (%) – Smallest estimate</strong></td>
</tr>
<tr>
<td><strong>Main industries for work (%)</strong></td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>Education and Training</td>
</tr>
<tr>
<td><strong>Highest location quotients (compared with the Auckland Region)</strong></td>
</tr>
<tr>
<td>Transport, postal and Warehousing</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
</tbody>
</table>

Source: Statistics New Zealand, 2009 Business Demographic data.
and that is growing rapidly that one. (I) Very, very, a lot of them in the health industry, community service industry. About 4/5 years ago we had a court house built in Manukau and that has brought with a new range of business like now we have lots of Lawyers, practising Lawyers, prosecuting Council, Crown Council and associated services that are around Courts like family groups and support groups area that have arrived during that time as well part of that has been driven by the Court arriving here. (CEO of Enterprising Manukau, 2009)
Papakura District

According to the 2006 Census of Statistics New Zealand, Papakura District encompasses 45,183 people and is the less populated LT within the region. This District has a land area of 126 km² and it’s the smallest area. The population density is 358.6 people per km². Its population has grown by 13.8% since the 1996 Census, the smallest growth in the Auckland Region, but still larger than in the Country. The district population has a median age of 33 years old which is the second lowest in the region. Finally, in terms of general cultural diversity, Papakura district’s population has the highest proportion of Māori with 26.5% amongst all the LTs.

Papakura City is located south of Manukau District and north of Franklin. It is divided into four wards: Ardmore, Drury, Red Hill and Pahurehure.

As Table 51 shows, Papakura District has an unemployment rate of 7%, second highest after Manukau City. The median income is $26 500. It has the lowest proportion of population over 15 years old who completed post school graduation amongst all the LTs within the Auckland region.

Table 50: Population Profile of Papakura District, 2006

<table>
<thead>
<tr>
<th>Total Population</th>
<th>45,183</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of Auckland Region’s population (%)</td>
<td>3.5</td>
</tr>
<tr>
<td>Land area (km²)</td>
<td>126</td>
</tr>
<tr>
<td>Population density</td>
<td>358.6</td>
</tr>
<tr>
<td>Population change between 1996 and 2006</td>
<td>13.8</td>
</tr>
<tr>
<td>Median age</td>
<td>33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnic Groups</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Māori</td>
<td>26.5</td>
</tr>
<tr>
<td>European</td>
<td>61.2</td>
</tr>
<tr>
<td>Pacific Islanders</td>
<td>10.2</td>
</tr>
<tr>
<td>Asian</td>
<td>8.1</td>
</tr>
</tbody>
</table>


Table 51: Work, Income and Education in Papakura District, 2006

<table>
<thead>
<tr>
<th>Unemployment rate</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Income (15 years and over)</td>
<td>26,500</td>
</tr>
<tr>
<td>Education (% people over 15 with post-school qualifications)</td>
<td>32.7</td>
</tr>
</tbody>
</table>

In the 2006 Census, 20,601 residents from Papakura District declared working, part or full time. Therefore, there is possibly 27.8% of the population working leaving the city area to go to work. Papakura District earns $15 000 and less in 2006. After Franklin district this is the lowest proportion of population within this income range. In Table 53, business demographic data from Statistics New Zealand in 2009 show that businesses located within Papakura District employ 15,090 people.

The main industries in terms of employment provision within Papakura District are manufacturing (20.7%), retail Trade (12.5%) and Education and Training (11.7%). The location quotients of Papakura District’s industries in terms of employment demonstrate that mining is over represented compared to within the Auckland region as a whole.

About the economic profile, Papakura District official website described that:

Papakura features a broad range of rural and urban activities, which include Ardmore Airport, a diverse equine industry (including the Karaka Horse Sales), a major commercial and retail centre, large areas of covered flower growing at Drury, two large quarries, substantial residential and industrial areas, a broad range of recreational and community facilities including an all weather athletic track of international standard, and aquatic and leisure centre, golf course and driving range and an entertainment and conference centre. (Papakura District, Official Website, retrieved 1st of July 2010)

<table>
<thead>
<tr>
<th>Income</th>
<th>Residents (15 and over)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$15,000</td>
<td>9,180</td>
<td>27.1</td>
</tr>
<tr>
<td>$70,001 or more</td>
<td>2,007</td>
<td>5.9</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Total employees</th>
<th>15,090</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of residents working outside of the district (%) – Smallest estimate</td>
<td>27.8</td>
</tr>
<tr>
<td>Main industries for work (%)</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>20.7</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>12.5</td>
</tr>
<tr>
<td>Construction</td>
<td>11.7</td>
</tr>
<tr>
<td>Highest location quotients (compared with the Auckland Region)</td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>12.1</td>
</tr>
</tbody>
</table>

Source: Source: Statistics New Zealand, 2009 Business Demographic data.
Franklin District

According to the 2006 Census of Statistics New Zealand, Franklin District encompasses 58,932 people. After Papakura District, Franklin District is the less populated local government authorities (LT) in the Auckland Region. This district has the second largest land area after Rodney District with 2,190 km² amongst all Auckland Region’s LTs. Its population has grown by 23.2% since the 1996 Census. Franklin’s population density is the lowest compared to the other LTs of the region with 26.9 people per km².

**Table 55: Work, Income and Education in Franklin District, 2006**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployment rate</strong></td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Median Income (15 years and over)</strong></td>
<td>27,800</td>
</tr>
<tr>
<td><strong>Education (% people over 15 with post-school qualifications)</strong></td>
<td>36.1</td>
</tr>
</tbody>
</table>

Source: Statistics New Zealand, 2006 Census of Population and Dwellings, Tables: Quick Stats and Tables about Franklin District

Franklin District’s population has also the second highest median age, 36.8, in the region after Rodney District. Finally, in terms of general cultural diversity, Franklin’s population has the second highest proportion of European after Rodney. It also has the second highest proportion of Māori population after Papakura district. Franklin District is the southern LT of the Region. It is constituted of several separate main communities: Pukekohe, Waiuku, Tuakau, Bombay, Pokeno, Patumahoe, Awhitu, Onewhero, Hunua. The district is mainly rural. As Table 55 shows, Franklin presents the second lowest unemployment rate, 3.8%, after Rodney District. The median income is $27,800 which one thousand dollars higher than in the region as a whole. There are 36.1% people over 15 years old who completed post school graduation in this district. It is lower than in the region as a whole, with 42.5%.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Table 54: Population Profile of Franklin District, 2006</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
<td>58,932</td>
</tr>
<tr>
<td><strong>Population part of the Auckland Region</strong></td>
<td>42,651</td>
</tr>
<tr>
<td><strong>Land area (km²)</strong></td>
<td>2,190</td>
</tr>
<tr>
<td><strong>Population density</strong></td>
<td>26.9</td>
</tr>
<tr>
<td><strong>Population change between 1996 and 2006</strong></td>
<td>23.2</td>
</tr>
<tr>
<td><strong>Median age</strong></td>
<td>36.8</td>
</tr>
<tr>
<td><strong>Ethnic Groups</strong></td>
<td></td>
</tr>
<tr>
<td>Māori</td>
<td>15.4</td>
</tr>
<tr>
<td>European</td>
<td>74.6</td>
</tr>
<tr>
<td>Pacific Islanders</td>
<td>3.6</td>
</tr>
<tr>
<td>Asian</td>
<td>5.1</td>
</tr>
</tbody>
</table>

When we look at the income distribution in Table 56, we see that 26.1% of the population over 15 years old in Franklin District earns $15,000 and less in 2006. This is the lowest proportion amongst all the LTs in Auckland.

The Table 57 presents business demographic data from Statistics New Zealand in 2009. It shows that businesses located within Franklin District employ 18,550 people. In the 2006 Census, 29,745 residents from Franklin District declared working, part or full time. We can estimate that 37.6% of the working population from Franklin District do not work within the district.

The main industries in terms of employment provision within Franklin District are manufacturing (15.5%), Agriculture, Forestry and fishing (13.2%) and Retail Trade (11.1%).

| Table 56: Income distribution in Franklin District, 2006 |
|-----------------|-------------------|-----|
| Income          | Residents (15 and over) | %   |
| $0-$15,000      | 11,598             | 26.1|
| $70,001 or more | 4,107              | 9.2 |


| Table 57: Industries in Franklin District by number of employees, 2009 |
|-------------------------------|-----------------|-----|
| Total employees               | 18,550          |     |
| Proportion of residents working outside of the district (%) – Smallest estimate | 37.6 |     |

| Main industries for work (%) |
|-------------------------------|-------------------|-----|
| Manufacturing                 | 15.5              |     |
| Agriculture, Forestry and fishing | 13.2          |     |
| Retail Trade                  | 11.1              |     |

Source: Source: Statistics New Zealand, 2009 Business Demographic data.

well there are about 63,000 people live in Franklin now of which 51% of our residents actually work in Franklin the others commute out. We have a strong rural economy, so strongly primary and secondary industries. Our biggest growth is in the secondary industry which is processing, seafood processing, manufacturing - doing very well in those industries but we are also having a huge population led growth which is not really what we want, its consumer driven, so it’s like your retailers, your wholesalers, you know your businesses, construction, that’s growing as it is with the Auckland economy, you know the trend is the same here. Our real focus is not on those
sectors, our focus is on the primary and secondary sectors. So when we start to look at Franklin’s rural economy we really start to look at almost economic geography and say where are potentially areas of high growth and where we should be focusing on where we can make a difference, so – this agency does a lot of sector work, probably more so than others - so do you want me to go in to detail on that? (CEO of Enterprise Franklin Development Trust, 2009)
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