

Local Economic Development – Context and Background

What is Local Economic Development?

In a stricter sense, economic development is those activities that cause a net gain of money flow into a community. These activities are called the 'economic base'. Economic development activities are those where a surplus remains after the local consumption of the product, service or activity has been satisfied.

In a broader sense, economic development means increases in businesses outputs (value added) through new business starts, relocation or higher existing business productivity growth; increases in employment and real growth in incomes and asset values. It also means survival and growth in businesses, resilient business structures, and realising comparative and competitive advantages and 'agglomeration economies' (of scale).

The term local economic development acknowledges spatial relevance and focus as important to efforts to stimulate wealth creation, through improved output, business development and job creation, but also the important aspects of infrastructure, regulation and social / environmental quality to development of local economies.

Local and Central Government and Economic Development

Recently Local Government New Zealand in association with BERL, the economic consultancy, suggested a framework of priority areas within which local authorities might develop Local Economic Development Strategies as set out below:

Local Government Economic Development Priority Areas

Leadership / Partnership / Facilitation

- Setting, supporting and driving a vision, strategy and plan for economic growth

Infrastructure / Planning & Resource Management

- Ensuring that the physical and built environment is conducive to economic growth

Regulation

- Creating a quality regulatory environment to make it easier for businesses to grow, invest and create jobs encouraging economic growth

Services

- Effective coordination and delivery of key council activities that support the effective functioning of local communities

Business and Industry Development

- Facilitating investment, industry and employment growth; and implementing measures that support a conducive business environment

Social and Community

- An environment that supports wellbeing and enables communities to participate, contributing to economic growth

These priority areas include new or changed ways of thinking and acting in relation to 'traditional' local government activities as well as the relatively recent rise in local attention to aspects such as business and industry development through Economic Development Agencies. In addition, BERL emphasised the need to consider these priority areas in the context of and in some instances as responses to Central Government's Economic Growth Agenda Areas, which are:

Economic Growth Agenda Areas

Regulatory Reform

- New Zealand offers a high-quality regulatory environment to ensure we get treated fairly, protect and manage our environment and have a competitive and efficient economy
- There is a focus on reforming regulatory roadblocks such as the RMA, and reducing red tape to make it easier for business to grow, invest and create jobs

Investment in Infrastructure

- Investment in productive infrastructure, including new roads, broadband, energy and other infrastructure such as schools and hospitals

Better Public Services

- Lifting the performance of the public sector by improving the quality of public spending and by delivering better, smarter services while limiting the increase in funding

Education and Skills

- Lifting the literacy and numeracy skills of our young people and providing options for secondary-age students outside the traditional school system

Innovation and Business Assistance

- Providing responsive and targeted business assistance, and aligning our innovation system with industry needs

A World-Class Tax System

- The focus is on providing a growth enhancing tax system that rewards hard work, saving and investment in productive enterprises and innovation

Councils' Role in Local Economic Development

Councils already play a role in local economic development; however, there is a wide spectrum of roles Councils can be involved in, ranging from low to high risk and financial investment ends. The Waimakariri District Council had identified a key Community Outcome which states:

Businesses in the District are diverse, adaptable, and growing. This would mean there are growing numbers of business and employment opportunities in the District; there are sufficient and appropriate places where new businesses are able to set up in the District; and there are opportunities for young people to enter employment and gain skills in the District.

Similarly the Hurunui District Council had identified a Community Outcome which states *to enhance our thriving local economy* which means to be a place where business development is encouraged but in a way that preserves the community and the environment; have new and diverse businesses which will provide local services and employment opportunities for attracting and retaining residents; and have equity of access to quality and affordable telecommunication services including broadband availability and adequate cellphone coverage.

In addition, the Waimakariri District Council has in place a policy on economic development, the key goal of which sets out to *maintain and stimulate local business and job growth to address jobs / resident workforce imbalance – to this end develop and maintain a 5 – 10 year strategy.* The Waimakariri District Council and Hurunui District Council also jointly fund Enterprise North Canterbury (ENC), the North Canterbury economic development arm. ENC's Statement of Intent mandates them to retain and support existing SME business; advocate for business / assist new business to locate / seek new initiatives; seek to reduce infrastructure gaps; and assist town development.

Through the development of a North Canterbury Local Economic Development Strategy then, Councils must turn their minds to the level of involvement that is appropriate and the level of risk and financial investment they wish to make. Potential roles in economic development could, from a low financial investment and risk perspective, involve only research and information (for example surveys and monitoring) or promotion and advocacy (for example District promotions and business development). At a medium risk and financial investment level, Councils could provide enabling services (for example network and community services) or develop land and buildings (for example build facilities and lease / sell). Taking on a high risk and financial investment role, Council could subsidise activities (for example, grants to business associations) or even operate businesses (for example Ashburton District Council operating an Industrial Park). Relevant issues and implications will need to be explored during the development of a Local Economic Development Strategy.

A Local Economic Development Strategy would need to set a clear direction for economic development in the North Canterbury region, by identifying shared goals and priorities. The Canterbury earthquakes of September 2010 and February 2011 have had a direct impact on some businesses in North Canterbury, but have had wider indirect effect on businesses and the economy. This accelerates the need and benefit to now think strategically about how to realise existing and potential economic opportunities in both Waimakariri District and Hurunui District, whether short, medium or long term.

Potential Economic Development Opportunities for North Canterbury

Possible short term local economic development opportunities for North Canterbury could include Southbrook land holding and the wider business land resource within the Waimakariri District and the Amberley town centre expansion in the Hurunui District.

Possible medium term local economic development opportunities for North Canterbury could include added value agriculture for the Waimakariri District and Hurunui water for wine, irrigation and tourism in the Hurunui District.

Possible long term local economic development opportunities for North Canterbury could include Lees Valleys water for horticulture, hydro power and recreation.