REGIONAL ECONOMIC PLANNING IN NEW ZEALAND: WHO OWNS IT?[1]

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ABSTRACT: This paper presents results from a research project commissioned by the New Zealand Ministry of Economic Development to evaluate international and local evidence on the best practice of regional economic development planning, paying particular attention to elements likely to be important in the future development of New Zealand's regional partnership programme. It begins with a section on what ownership of regional economic development planning means, focusing on the difference between private property and common property. It identifies three key factors that are particularly relevant to the question of how ownership of a regional partnership affects successful regional development planning: (1) the objectives and structure of the partnership; (2) legitimacy and accountability; and (3) the culture and leadership of the partnership. The paper uses three case studies of New Zealand regional development partnerships to show how these factors are relevant in practice. In particular, the paper highlights the contrast between the first two case studies where the regional partnerships assign their work to specialist regional economic development agencies and the third case study where working groups are set up for each individual development project.

1. INTRODUCTION

A change of government in November 1999 led to a comprehensive reform of the way New Zealand approaches regional economic development policy. The former Ministry of Commerce was expanded and renamed the Ministry of Economic Development, which was then given responsibility for preparing and implementing a new regional development strategy (Anderton, 2000a and 2000b; Schöllmann and Dalziel, 2002). The flagship policy of the strategy is the regional partnerships programme (RPP), now administered by New Zealand Trade and Enterprise (NZTE). The RPP recognises 26 regions covering the country (see Figure 1), and provides funding and guidance to assist each region identify and develop a sustainable regional economic growth strategy. This includes up to \$100 000 for strategic planning, up to \$100 000 per year for capability building,

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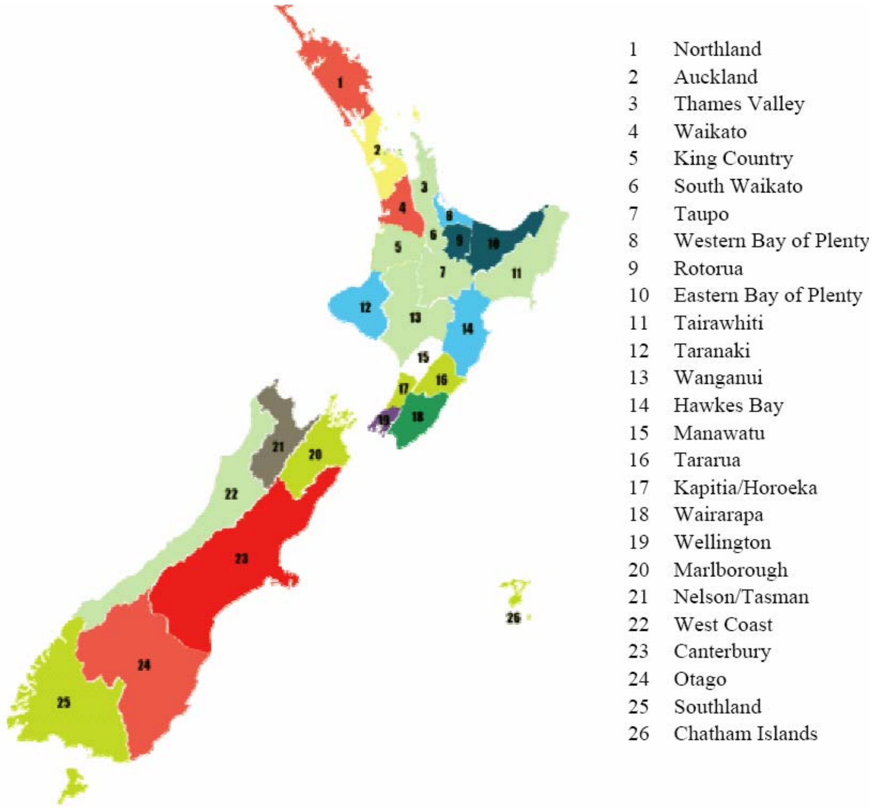
and up to $2 million for a major regional initiative (MRI). An MRI is a large-scale project that can build on a comparative advantage identified for the region, with an emphasis on promoting key enablers for regional growth. Examples include the Waikato Innovation Park in Hamilton, the National Centre of Excellence in Wood Processing Education and Training in Rotorua, and the Wine Research Centre of Excellence in Marlborough.



(Source: New Zealand Trade and Enterprise
http:/www.mte.gov.nz/article/0,1973,DectionID%253D11766,00.html)

Figure 1. Regional Partnership Programme in New Zealand

In 2002, the Ministry of Economic Development commissioned the authors to survey the wider international experience of regional partnerships such as the Stronger Regions, A Stronger Australia policy (see, for example, DOTARS, 2002, and Bellamy et al, 2003). The authors were also asked to examine the application of that international experience to the regional partnerships set up under the RPP in Eastern Bay of Plenty (region 10 in Figure 1), Marlborough (region 20) and Canterbury (region 23). There are considerable differences in size, geography, population, socio-economic circumstances and approaches to regional partnership in these three regions (see Dalziel et al, 2003). This paper draws on those differences to address a key question facing New Zealand and overseas regional policy advisors—who owns regional economic development planning?

The paper begins with a section on what ownership of regional economic development planning means, focusing on the difference between private property ownership and common property ownership. Section 3 describes the early history and governance structures of the regional partnerships in Canterbury, Eastern Bay of Plenty and Marlborough. Section 4 draws on these three case studies to discuss three key aspects of common property ownership identified in Section 2. In particular, Section 5 highlights the contrast between the first two case studies where each regional partnership assigns its work to a specialist regional economic development agency and the third case study where working groups are set up for each individual development project. Section 6 is a brief conclusion.

2. WHAT DOES OWNERSHIP MEAN

Ownership is a fundamental concept in any economy. A system of enforceable and clear property rights for ownership – that is, a system of rules for the use and management of a country's resources and output – is essential for efficient resource allocation and to create incentives for ongoing wealth creation. For most goods and services within a market economy, property rights affirm private ownership. In these cases, individual citizens or organisations are free to use or sell their property, subject to general rules often designed to protect the common good (such as avoiding injury or interfering with another agent's property rights). For some goods and services, however, private ownership is infeasible or undesirable, and the definition of property rights must reflect common ownership. This section argues that regional economic development planning is an example of a service that requires common ownership property rights, with important implications for the issues of who defines these property rights and who benefits from, or is affected by, ownership of regional economic development planning.

The clearest example of a good or service requiring common ownership is a pure public good that has two characteristics. First, it is impossible to exclude people from the benefits of the public good if the good is provided at all. Second, there is no rivalry in consumption, so that one person benefiting from using the public good does not reduce the benefits that can be enjoyed by others using the same good. Private ownership is not feasible for a pure public good. Because there is no rivalry in use, the aggregate value of the public good can be extremely high; because the good is not excludable, however individuals cannot insist on payment for supply. Hence private ownership does not provide the correct incentives for its production. A system of common ownership is required instead.

Pure public goods are rare, but reasonable numbers of goods and services share one or both of these characteristics to some extent. Regional development is such an example. It is possible for rising prosperity in a region to be captured exclusively by only a subset of the local population (particularly by those who are already well-off), and the way in which benefits from regional development are accrued by one sector may reduce the benefits that are then available to other sectors. It is also possible, however, for regional development to create benefits for all of the local population in a non-excludable, non-rival manner. This alternative is highly desirable from a human development perspective, but requires careful institutional design to be achieved.

Responsibility for creating and monitoring common property rights generally falls to central government (itself a common property institution in participatory democracies), which explains why governments around the world have initiated regional development programmes. It is important to emphasise that the central government's role in creating these common property rights does not mean the government *owns* regional economic development planning.[2] Instead the government's key task is to determine who in a region should own the region's economic development planning process, and then to confirm an institutional structure that protects the common property rights of these owners. The resulting structure needs to take into account the economic, social, cultural and environmental context of each particular region, which makes it impossible to provide simple recipes for institutional design. Nevertheless, the common element in current practice is that regional economic development planning should be 'owned' by some form of regional partnership created for that purpose.

New Zealand's regional partnership programme is typical. It acknowledges a particular partnership structure in each region, recognised by central government as being the lead agency for local economic development planning. This bestows common property rights on the members of the partnership. In particular, this group is given rights to exclude others from involvement, and may face conflicting incentives depending on how members of the local partnership structure are chosen and to whom they are accountable. If the partnership is to achieve its full potential and maximise socio-economic benefits, it is important that its structure and operation be carefully designed. In this paper, the authors concentrate on three factors that are particularly relevant to the critical question of ownership: (1) the objectives and structure of the partnership; (2) legitimacy and accountability; and (3) the culture and leadership of the partnership.

2.1 Objectives and Structure of the Partnership

The design of a regional partnership depends on the high-level objectives it is intended to pursue. In some cases, the purpose may be to increase per capita incomes generated by the region's businesses. This appears to have been the core objective of the regional partnership programme in New Zealand. In other cases, the policy may include wider objectives such as enhanced social cohesion or

[2] This is the same as for private property rights. Even though governments set up systems to defend and arbitrate private property rights, this does not mean that the government owns all the economy's property.

better integration of groups that are on the margins of the regional economy (such as young people, single parents or members of an ethnic minority). The 'whole of government' or 'joined-up government' approach to regional policy interventions is a good example of the latter (see for example, Podger 2002). It is also likely that the goals and objectives of a regional partnership will change as local development proceeds, and so it is desirable that the structure of a regional partnership is able to evolve over time.

There is no universal model of regional partnerships but it is common to create a structure that includes members drawn from local business and employers, trade unions, farmers, tertiary education institutions, local politicians, local authority officers, government department employees, community non-government organisations and local volunteer groups. If the objective is to increase income from business then it is essential for the business community to be included. If there are wider goals to enhance social cohesion, then there needs to be an equal emphasis on participation by community groups. In either case, decisions must be made about who will be invited into each partnership, using sometimes contradictory criteria such as inclusiveness, availability, flexibility, balance and effectiveness.

Inclusiveness refers to the principle that a partnership should be open to all groups that have something useful to contribute to its work or who are affected by decisions made by the partnership. It often specifically refers to the involvement of non-government community organisations and volunteer groups. A city or region may have a very large number of such organisations, however, and so it is not obvious how (or by whom) the choice of representation should be made. On the other hand, inclusiveness can be an important mechanism for breaking down rural or social isolation by involving groups who are normally excluded from involvement in regional planning.

Availability refers to the difficulty some partnerships have in obtaining appropriate representation from all the desired groups. It often refers specifically to the involvement of business leaders (see, for example, Wong, 1998, and Liddle and Townsend, 2002). If the partnership resides in an economically depressed area, there may be a shortage of business expertise that has the time or willingness to become involved in a public service role on a regional partnership. The difficulty in obtaining the support of business leaders is likely to be accentuated if membership is unpaid or carries with it an open-ended commitment to provide time or other resources to the process. Partnerships may also have difficulty in obtaining representation from disadvantaged groups if they do not have the financial or human resources to participate.

Flexibility refers to an individual's ability to participate in a consensus decision-making environment. A partnership can be totally disrupted if one or more members participate with a fixed agenda with no flexibility to accommodate other points of view. Balance refers to the desirability of ensuring that no individual sector comes to dominate proceedings through over-representation. There are numerous examples where domination by a key group (particularly local authority officials) or the absence of a significant partner (particularly business representatives) reduces the effectiveness of a partnership.

If one group is perceived as driving the whole process for its own objectives, this reduces the motivation for other participants to remain involved. Effectiveness refers to the increased difficulty of maintaining consensus and achieving objectives as the size of the governing board gets larger and larger. One way to approach this problem is to have a relatively small Board overseeing a larger structure of subcommittees and working groups (see section 5 below).

2.2 Legitimacy and accountability

Appointments to a regional partnership are often made by central government, although perhaps on the advice of local organisations. Members appointed in this manner can lack local legitimacy, especially if it is perceived that the regional partnership is really owned by central government rather than the nominees. This perception can be offset by the close involvement of local politicians with a legitimate democratic mandate to represent the local citizenry in regional planning. This argument has been influential in recent initiatives to bring local government and economic development agencies closer together in Ireland and the United Kingdom. In the later, it has led to a government proposal to make Regional Development Agencies accountable to fully elected assemblies rather than to appointed chambers (HM Government, 2002).

Accusations of weak legitimacy can have other adverse implications for local ownership of a regional partnership. The partnership may be criticised for being insufficiently accountable to its regional populace because it is bound by national policy guidelines or external funding criteria. Alternatively, there can be a perception that business or worker representatives are too strongly influenced by sectoral and/or national debates as they participate in local planning. Further, if a local authority becomes dominant in a regional partnership, this can lead to a loss of ownership by other partners. This may be particularly acute if the partnership has no formal authority to implement changes, but is reliant on its ability to persuade member organisations about the validity of its strategic planning. In a worst-case scenario, the existence of a 'lame duck' partnership, or a partnership dominated by local government, may become little more than an excuse for inaction by other agencies in the region.

Members of a regional partnership face conflicting accountability demands to potential owners in four dimensions:

1. How accountable should each member of the partnership be to the particular organisation or community group it has been drawn from?
2. How accountable should members of the partnership be to each other?
3. How accountable should the partnership be to the wider community?
4. How accountable should the partnership be to the central government?

Since local partnerships typically receive some of their funding from central government, the fourth question is usually addressed clearly in the programme's funding criteria and reporting requirements. It is not so clear, however, how mandates should be given and observed in each of the other three dimensions. Indeed, conflicts of interest may often emerge between the interests of a particular organisation, the interests of the partnership and the interests of the wider community. The literature suggests that perhaps the best that can be hoped for under these circumstances is that the work of the partnership is undertaken in an environment of openness and transparency in order to minimise opportunistic behaviour by its members.

2.3 Culture and leadership of the partnership

If a partnership is to develop property rights to maximise benefits for those who own regional economic development planning, it needs to find a way of working effectively. A broadly representative partnership drawn from diverse working cultures can find this difficult. At the risk of reflecting stereotypes too rigidly, business leaders may be accustomed to operating in an entrepreneurial culture, trade unionists within a rule-based solidarity culture, local authority officials within a bureaucratic culture, community workers within a participatory culture, and indigenous representatives within an evolving tribal culture. Cross fertilisation from these different backgrounds can be an important source of strength for a regional partnership. If these differences are not acknowledged, however, they may also become a source of conflict and tension. If one way of operating becomes dominant, it is likely to lead to some members of the partnership becoming sidelined. It may lead to a partnership becoming too narrow in its focus, say by concentrating on economic development defined in strictly commercial terms without considering the need to address social inclusion (or vice versa). This suggests that mechanisms for acknowledging and addressing conflicts of interests by the partners are desirable, and reinforces the exceptional skills that may be required to manage a partnership.

Indeed, many partnerships are built around the strong leadership skills of a particular individual, often associated with one of the partners. The absence of a strong leader can leave a partnership floundering in a sea of paperwork describing goals, objectives and strategies with no clear purpose or direction. The leader also needs to have diverse skills in relating to the needs, aspirations and personalities of each participant in the partnership. A particularly strong leader, however, can be a weakness if the partnership becomes too reliant on the individual rather than embedding good processes into its operating mechanisms.

A key issue in this area concerns remuneration. In many examples, membership of a regional partnership is unpaid (or becomes part of the representative's duties defined by his or her employing organisation). This can severely reduce the pool of available applicants for leadership (either as chairperson or chief executive officer). It may also leave the incumbent vulnerable to accusations that he or she is really promoting the interests of his or her employer, rather than the general interests of the partnership. This in turn raises issues about 'resource dependency'. If, on the one hand, the bulk of the funding is provided by the central government, the partnership may end up becoming a quasi-government agency rather than a true reflection of the region's local knowledge and aspirations. If, on the other hand, there is little funding available and participants are unpaid volunteers, this restricts the ability of some groups to participate. A particular issue is who provides the secretariat, since this often creates a bias in the operations of the partnership depending on whether it is central government, local government, a regional economic development agency or a local business organisation.

There are also widely reported concerns that insufficient training is available for leaders and participants in regional partnerships. This may not be surprising given the relative newness of this approach to economic development policy. In some countries, regional development agencies have set up their own national organisation to improve their effectiveness. Examples include the National Association of Development Organizations in the United States, the Pan Canadian Network in Canada and the Economic Development Association of New Zealand.

3. THREE NEW ZEALAND CASE STUDIES

In the original research project that this paper draws upon, three New Zealand case studies were identified in consultation with the Ministry of Economic Development. This section provides a brief description of the Canterbury, the Eastern Bay of Plenty and the Marlborough regional partnerships.

3.1 The Canterbury regional partnership

When expressions of interest were called from parties wishing to participate in the government's RPP, 13 proposals were received from the Canterbury region. A meeting of eleven of these organisations agreed unanimously that the Canterbury Development Corporation (CDC) would act as the region's lead agency. The CDC is a limited liability trust company founded in 1983 to act as the economic development and employment services arm of the Christchurch City Council (see CDC, 2002). It is wholly owned by the City Council, but is strongly regional in outlook, 'recognising the very real economic and employment impacts of the wider Canterbury region on the Christchurch economy' (CDC, 2002, p. 44). It promotes and facilitates economic growth in the region by working with businesses to improve their management capabilities, helping communities to help themselves, and working alongside key agencies to promote Christchurch and Canterbury as the destination of choice in which to live, invest and do business. It is governed by a Board made up of the Mayor of Christchurch, City Councillors and representatives drawn from the Canterbury Employers' Chamber of Commerce, the Canterbury Manufacturers' Association and the tertiary education sector.

The CDC obtained resolutions from the local government councils of the Canterbury Forum to be responsible for developing a Canterbury regional economic development strategy (known as CREDS). The Canterbury Forum is a regular informal meeting of Mayors and Chief Executives of eleven local government councils – the Canterbury regional council (Environment Canterbury), the Christchurch City Council, and the District Councils of Ashburton, Banks Peninsula, Hurunui, Kaikoura, MacKenzie, Selwyn, Timaru, Waimakariri and Waimate. A series of workshops and meetings were hosted by CDC around the region in 2000, which provided the basis of its regional development strategy published as Creating Tomorrow's Canterbury in December 2000. The CDC 2002 Annual Report records the progress subsequently made under the regional partnership programme (p. 21). In particular, capability building funding was obtained to further the development of proposals for two major regional initiatives, and to support three sub-regional initiatives. These sub-regional initiatives were to develop a South Canterbury economic profile, to co-ordinate a community approach to water resources in mid-Canterbury, and to assist with the establishment of Enterprise North Canterbury.

A notable feature of the Canterbury regional partnership is that it is a partnership of eleven local government councils (the Canterbury Forum), serviced by the economic development and employment services arm of one of those councils (the CDC). There is some input from local development agencies in South Canterbury (the Aoraki Development Trust), Mid Canterbury (Enterprise Ashburton), and North Canterbury (Enterprise North Canterbury), but there is no formal direct involvement of business, community or Iwi groups in the partnership.

3.2 The Eastern Bay of Plenty regional partnership

The Eastern Bay of Plenty regional partnership was established in 2001 covering three district councils—Kawerau, Opotiki and Whakatane. Some development agencies already existed in the region, including the Whakatane Economic Development Office supported by the Whakatane District Council and a much smaller Kawerau Enterprise Agency. The new partnership took the form of a governance group made up of twelve members: (1) the mayors of each of the three districts; (2) an appointed business person from each district; and (3) six representatives from local Māori Iwi, nominated by the Mataatua Iwi Forum (for further details, see Kamau-Herring et al., 2002, pp. 2-3). The partnership created a separate management group made up of one employee of each District Council, one Iwi representative and the Whakatane field worker of Te Puni Kōkiri (a government department devoted to Māori development).

In October 2001, the partnership commissioned a team of local consultants to prepare a regional economic development strategy. The team sought to engage key stakeholders through personal contacts, public meetings, open days, a business, education and training forum, Iwi meetings and a mailed survey. Four drafts of the strategy were prepared incorporating feedback from these consultations, and from the governance and management groups, before Kamau-Herring et al. released the final version in August 2002.

The strategy proposed a number of high-level goals. The first was to establish a regional economic development agency (REDA) for the Eastern Bay of Plenty. This agency would appoint a chief executive officer responsible for the operations of the REDA, accountable to a Board of Directors made up of 8-10 people with commercial expertise. The REDA would be required to implement the other high level goals and strategies of the economic development strategy. It would be funded by selling its services to the three district councils (perhaps on a per capita basis), to the Kawerau Enterprise Agency and to any Mataatua Economic Development Agency that might be formed (but not the Whakatane Economic Development Office, which would go into recess). This proved to be sticking point for the partnership as the smaller districts questioned whether their ratepayers would get value for money by investing in a regional development agency based in Whakatane, especially compared to alternative priorities..

3.3 The Marlborough regional partnership

The Marlborough regional partnership had a number of advantages compared to Eastern Bay of Plenty. The partnership covers an area with only one local government council; the region has considerable natural and human resources contributing to high living standards; and the partnership was able to build on processes already under way when the regional partnership programme was introduced in 2000.

About two years earlier, a number of local organisations had agreed there needed to be better coordination of activities to promote the region and provide information to potential investors or migrants into the region. An extensive public consultation known as ‘Focus Marlborough’ similarly recognised that something new was needed to develop the region’s strengths and identity. The Marlborough District Council lent its support and provided initial funding to employ an information officer. In contrast to the other two case studies in this paper, the Council did not set up its own economic development office, but instead agreed to act in partnership with an independent Marlborough Economic Development Trust (MEDT).

The MEDT was set up in early 2000 just as the RPP was getting under way. A broadly representative steering committee formed out of the Focus Marlborough consultation oversaw the drafting of a Trust Deed and the appointment of trustees after a public call for nominations. The Deed requires the trustees to participate as individuals and not to represent any particular sector or interest group. The objects of the Trust are to promote Marlborough outside the region, to foster community pride within Marlborough, and to facilitate coordination of organisations in the region involved with regional development. The Council continues to provide some funding, and this ongoing partnership between the Council and Trust provides the foundation of the Marlborough regional partnership, assisted by ongoing advice and support from New Zealand Trade and Enterprise.

The Marlborough Regional Partnership achieved remarkable results in a short time. It commissioned a substantial report, Marlborough Today, outlining the economic context of the region (MEDT, 2001a). Another report, Marlborough Tomorrow, was published as a discussion document for widespread community consultation about priorities for regional development (MEDT, 2001b). This led to a strategic development plan being developed, Progress Marlborough: The New Partnership, which has been updated and revised into a second edition (MEDT, 2001c, 2002). In line with this strategic development plan, three specific projects were quickly underway to create centres of excellence in viticulture, aquaculture and aviation engineering. The first of these three centres was one of the first recipients nationally of a $2 million contribution from the government’s Major Regional Initiatives fund.

4. WHO OWNS REGIONAL ECONOMIC DEVELOPMENT PLANNING?

The three New Zealand case studies presented in the previous section can be used to illustrate how the key theoretical concepts identified in section 2 are strongly relevant in actual practice. From the earliest stages of creating New Zealand's regional partnership programme, policymakers were aware of the need to maintain a broad focus for regional economic development planning, as illustrated by the following extract from a cabinet paper prepared by the Office of the Minister for Industry and Regional Development (Anderton, 2000a, par. 21):

> *A focus on sustainable development recognises the wide range of inter-related issues that impact on industry and regional growth and subsequent wealth and job creation, such as human capability, infrastructure, regulations, and the sustainable use of natural resources. … Regional development could adopt a narrow focus solely on business and employment growth, but this would ignore significant factors in the environment that impact on individuals, businesses, industries and communities. For this reason a narrow focus would be limited in its ability to create jobs, close the gaps and foster sustainable development. Given this, a broader focus for regional development policy is necessary to weave the issues into a cohesive fabric that will underpin local strategies for sustainable, inclusive growth.*

Despite this recognition, questions remain about whether the regional partnerships have been inclusive in practice. In this section, the paper uses the same headings as in section 2 to examine the core issue of who defines the property rights and therefore determines who benefits from and/or owns regional economic development planning.

4.1 Objectives and structure of the partnership

The three partnerships of section 2 have adopted very different structures within the requirements of the regional partnerships programme. In the Canterbury partnership, the governance structure is comprised entirely of local government representatives. Further, the work of the partnership is the responsibility of the Canterbury Development Corporation, which is wholly owned by the Christchurch City Council (although with some business and education representation on its Board). Thus local government largely determines the definition of property rights in the Canterbury regional partnership.

The CDC is not isolated from important sectors in the community. In 2001, for example, the CDC signed a Memorandum of Understanding with Te Runanga o Ngai Tahu (the governing body of the local Māori Iwi or tribe) 'to develop an effective working relationship focussed on accessing opportunities to promote sustainable economic development' (CDC, 2002, p. 38). The consultation for its regional economic development strategy included business and community group participation throughout the region. Nevertheless, this structure creates challenges at two levels. First, such a large geographical region may find it difficult to maintain political agreement for a single strategic plan among all eleven constituent councils. Recognising this, the CDC has sought to devolve some of its work to smaller regional economic development agencies in North, Mid and South Canterbury. Second, such dominance by local government tends to create barriers to participation by business and community leaders in specific partnership projects. The Canterbury Employers' Chamber of Commerce, for example, is not engaged in the regional partnership, but is active in alternative projects such as Prosperous Christchurch that have similar objectives.

In the Eastern Bay of Plenty partnership, the governance structure is comprised of direct representation by the three local councils, by a business person appointed from each of the three districts and by six nominees of the Mataatua Iwi Forum. Thus the Eastern Bay of Plenty approach is to create a partnership in two dimensions – across three local government districts, and involving local government, business and Māori representation. The local government partners face similar issues to the Canterbury regional partnership, in the sense that the two smaller District Councils are concerned whether their ratepayers would get value for money from contributing funds to a regional economic development agency based in the largest district. Nor has inclusion of business and community members per se resolved the question of local government dominance. The business representatives are nominated by the mayors (rather than by the Chamber of Commerce), and although the Mataatua Iwi Forum nominates an equal number of Iwi representatives, it lacks the financial resources and business experience of the other partners. Consequently, the authors were told that the initiative is widely perceived as being defined by local government, rather than representing a genuine partnership of key actors in the local economy, and that this ownership is concentrated in the largest District Council. At the time of the research, these issues were threatening to paralyse the work of the partnership.

The Marlborough partnership took a very different approach from the other two case studies. It is based on close collaboration between the Marlborough District Council and an independent Marlborough Economic Development Trust. Further, the MEDT trustees are expressly prohibited from representing a particular sector or interest group in the community, but must act to promote the objectives of the Trust, centred on economic development in the region. There is no formal governance body for this arrangement, so that the partnership relies on both partners finding mutual benefits from working together. In practice, this means agreeing on specific short-term projects and appointing a manager for each one. Each project typically requires contributions from different sectors of the community, facilitated by the project manager, and so there is considerable flexibility for participation depending on the nature of each project. This is consistent with some successful partnerships in other countries that set up project-based working groups under the direction of a relatively small Board.

4.2 Legitimacy and accountability

The strong involvement of local government in all three case studies had one important consequence. Because councillors are democratically elected, the partnerships are in this sense owned by representatives of the local citizenry. This has practical consequences, since local government politicians must be sensitive to the impact of regional economic development spending on rates. This had been a significant issue in a recent Blenheim local government election, for example, and it provided strong incentives for the partnership to deliver value for money to the local community.

At the same time, the central government's regional partnership programme offers significant financial incentives for participation, including the prospect of a $2 million central government contribution to a major regional initiative. This financial injection might be sufficient to justify local government involvement whether or not the partnership delivers any genuine development benefits. Under these circumstances, the ability of the local partnership to define property rights (and therefore determine who benefits) is reduced and the involvement of the central funding agency is increased as the local partnership adapts itself to the requirements of the programme. This was particularly obvious in the Eastern Bay of Plenty partnership. At the time of the RPP's introduction, there already existed a Whakatane Economic Development Office accountable to an Eastern Bay of Plenty Economic Development Board. The Development Office played a key leadership role within the Eastern Bay of Plenty regional partnership under the RPP, which some believed was at the expense of some of its original objectives, putting economic development in Whakatane into a holding pattern for twelve months. Indeed, there were plans to dissolve the Whakatane Economic Development Office in favour of a new regional economic development agency created under the RPP, illustrating how a local initiative can by swamped by a national programme's requirements.

A similar tension exists in the Canterbury partnership, where the RPP has the potential to cut across other initiatives for collaborative regional economic development. As noted in the previous sub-section, for example, the Canterbury Employers' Chamber of Commerce is involved in an initiative known as Prosperous Christchurch. This initiative aims to bring together Council, business and community leaders to promote economic development in the city of Christchurch. Although it has strong business involvement, it lacks the financial resources available under the RPP policy. On the other hand, the absence of business representation on the Canterbury regional partnership weakens its legitimacy with key business organisations such as the Chamber of Commerce.

In the Marlborough partnership there is no formal authority for the MEDT to act as a lead agency for regional development, and so legitimacy is something that it must continuously earn for itself. Initially its legitimacy was founded on the extensive public consultations that led to its formation in 2000. As time goes by, its legitimacy depends more on maintaining the confidence of its major funders (New Zealand Trade and Enterprise, the Marlborough District Council and local industry), which in turn depends on its success in meeting its regional economic development objectives. In this sense, ownership of the Marlborough partnership is always contestable, providing strong incentives for performance that may be weaker in a regional economic development office owned by the local Council.

The research team were told that the Trust's autonomy and single focus on regional development are also considerable advantages in bringing together different business and community groups for projects. The Trust is able to engage in honest dialogue with the District Council on some issues in a way that would be far more difficult if the Council owned the Trust. Similarly, because the Trust is not identified with established business, this can be helpful in dealings with some parts of the community.

4.3 Culture and leadership of the partnership

The energy, enthusiasm and judgement of the six MEDT Trustees are crucial for the success of the regional partnership in Marlborough. They are paid a small honorarium, and there are clearly profile benefits from being a Trustee, but these rewards do not cover the opportunity cost of involvement, particularly for the majority of Trustees who are self-employed. Trustees interviewed for this project explained their motivation comes from a commitment to an element of public service, and advised they would not be comfortable if paid a significant amount for their position. They also suggested that being unpaid promotes efficiency by discouraging time-wasting, and contributes to their legitimacy when asking others in the community to volunteer for aspects of the partnership's work. To date there had been no difficulty in finding good people prepared to be nominated as Trustees. It was suggested that providing greater payments to Trustees would allow a wider cross-section of people from the community to become involved, but it might also attract people without the sense of public service that is regarded as an important quality of the current Trustees.

The other two case studies sought to institutionalise leadership within the partnership by setting up a specialist regional economic development agency to carry out the work of the partnership. This is shown in Figure 2. The chief executive officer of the regional economic development agency is expected to provide leadership under the supervision of a broadly representative governance group (or advisory board), but the partner organisations are not involved directly with the work themselves.

The structure in Figure 2 can result in effective ownership of the regional partnership being passed to the regional economic development agency, in which case its CEO may become the most important actor in the process of defining property rights affecting regional development planning. This can create problems for a partnership that crosses geographical boundaries. A person recognised as an effective leader in one community may not have the same level of commitment or support in a neighbouring region. Although the Eastern Bay of Plenty has a strong regional identity, for example, the three districts have significant differences that a single person might find difficult to satisfy. Depending on how the Economic Development Office was financed, this could lead to views that one or two districts were either being short-changed by the REDA or were being subsidised by the third district.

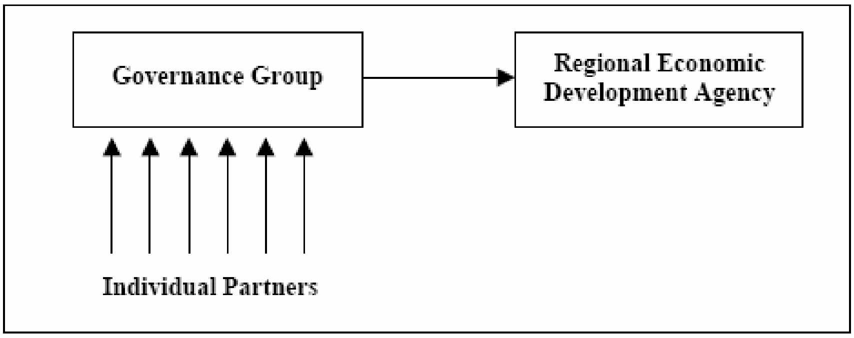


Figure 2. Typical Partnership Structure in New Zealand

The structure in Figure 2 can result in effective ownership of the regional partnership being passed to the regional economic development agency, in which case its CEO may become the most important actor in the process of defining property rights affecting regional development planning. This can create problems for a partnership that crosses geographical boundaries. A person recognised as an effective leader in one community may not have the same level of commitment or support in a neighbouring region. Although the Eastern Bay of Plenty has a strong regional identity, for example, the three districts have significant differences that a single person might find difficult to satisfy. Depending on how the Economic Development Office was financed, this could lead to views that one or two districts were either being short-changed by the REDA or were being subsidised by the third district.

The model in Figure 2 also reveals potential problems for the REDA if there are unresolved cultural conflicts within the governance group. Again the Eastern Bay of Plenty partnership provides a good case study. First, the partnership brings together three District Councils without a strong history of working together and which may be suspicious that the partnership represents a possible step towards local government amalgamation. Second, the Mataatua Iwi Forum was created at the time the Regional Partnership Programme was introduced, so that the local Iwi are also experimenting with their own novel form of partnership for Māori economic and social development. Third, the partnership seeks to bring representatives of local government, business and Iwi, with all their diverse backgrounds and working practices, into a single decision-making body. If all these areas of potential conflict are not resolved, either the REDA will lack proper guidance for its work programme or it will face possibly irreconcilable priorities from the different members of the governance group.

Considerations such as these suggest that it may be very difficult to set up any structure that provides effective common ownership for such a broad concept as regional economic development planning. An alternative approach is to design an institutional framework that recognises different partnerships (and hence different definitions of property rights and thus different beneficiaries and/or ownership) for different projects. This is the approach taken in the Marlborough partnership, considered in more detail in the following section.

5. PROJECT-BASED PARTNERSHIPS

There is some evidence that regional partnerships work best if each member specialises in its particular area of expertise within a framework of cooperation with other partners. In contrast to the approach that sets up a specialised regional economic development agency, this approach expects partners to contribute directly to regional development projects coordinated by the larger regional partnership. This way of operating is well described by Turok (2001, p. 147), reflecting on recent Irish experience:

> *The partnerships typically operate through about five or six working groups or sub-committees covering themes such as enterprise development, services for the unemployed, community development, education and training, environment and infrastructure, childcare and young people. They involve a wide range of people in developing practical strategies and actions. They include several board members and often a larger number of other individuals drawn from external organisations with a particular expertise in the field concerned. These working groups appear to be the 'engine-rooms' of many partnerships, providing the dynamism, developing the project ideas and creating the links into wider networks that help to make things happen. The partnership board provides the broad direction and performs a formal function in deciding which project proposals are supported financially. The pace and direction in which the partnerships develop varies, depending on the capacities and aspirations of the partners and community organisations.*

Project-based partnerships allow for different levels of participation, depending on the interests and resources of each member. This is because there is room for wider representation on the subcommittees than is possible on the partnership board itself, which allows different groups within the region to take ownership of different parts of the partnership's work.

Only one of the three case studies in this study adopted this approach. The Marlborough Economic Development Trust, in association with the Marlborough District Council, identifies key projects that it believes will contribute to regional economic development. The Trust's first strategic plan identified five initiatives for the first three years of its work (MEDT, 2001c, section 7): establish an MEDT office; establish centres of excellence in viticulture, aquaculture and aviation engineering; establish a region-wide water management strategy; establish a sustainable tourism plan; and establish a Marlborough Development Fund. Once the MEDT office was operational, the first priority was the three centres of excellence. This became three distinct projects, operated as joint ventures with the Marlborough District Council and overseen by a joint committee of four people (MEDT, 2001c, Appendix II). Professional project managers were retained to progress each project, assisted by voluntary steering committees that had a more fluid membership. These steering committees helped establish clear and realistic objectives for each project, which then became the criteria by which the success of each project could be judged.

This two-tier approach to setting objectives fits in very well with international best practice. The Trust takes the overall responsibility of identifying key issues that no individual organisation in the region can solve on its own. Each steering committee is then responsible for ensuring that more specific objectives are relevant and feasible, motivating ongoing participation by local organisations and influential individuals in the project. The fact that the regional partnership has implemented its core project of establishing three centres of excellence ahead of schedule confirms the strength of this approach to regional economic development.

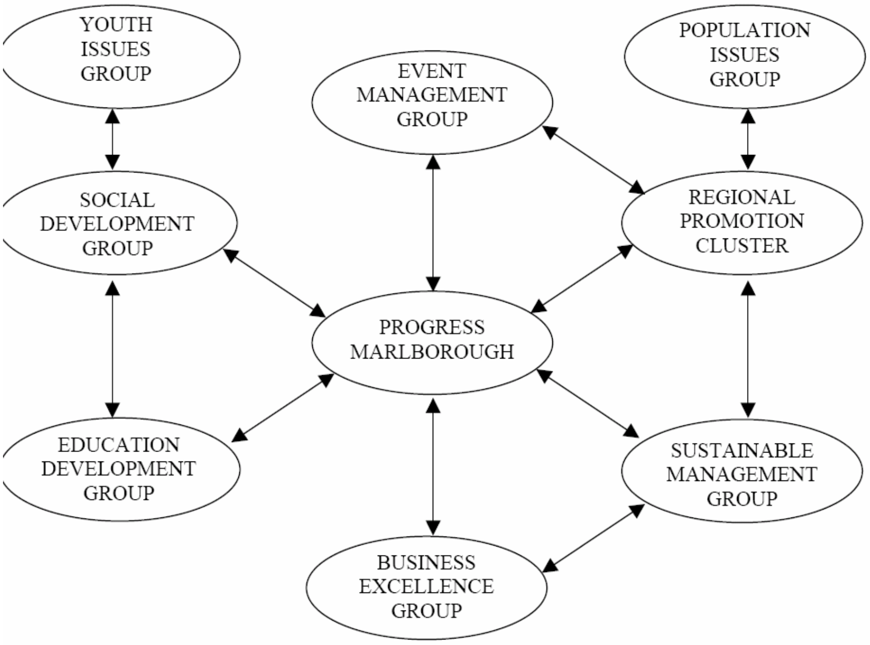
The MEDT might be criticised for initially having a relatively narrow business focus. As the partnership developed, however, the work of the Trust broadened to include various community issues. This redefined the property rights of the regional policy and expanded the beneficiaries. At the time of the research project, the MEDT was seeking to formalise this broader approach in the form of a "relationship clusters" structure to develop its specialisation and co-operation function. This is shown in Figure 3. Progress Marlborough is a new name being considered for the MEDT, and the figure shows how potential partnerships could be established among organisations with overlapping interests. The MEDT (2002, p. 19) records the objective of these plans as follows:

> *Both the initial consultation process and subsequent experience has demonstrated the pressing need to better co-ordinate and integrate the planning and delivery of economic and social development activities. … The Trust has also begun to establish relationships with groups that have overlapping interests. … Each of the groups will be facilitated by organisations with specific briefs or interest in the target issue. The Economic Development Trust's role will be to provide co-ordination and networking with the other groups.*

6. CONCLUSION

Because local partnerships for regional development are relatively new in New Zealand and elsewhere, there are very few evaluative studies that can be drawn upon to provide clear empirical evidence of their impact. A recent study by the OECD (2001, p. 18) is explicit on this point:

Today, in most OECD countries, governments support networks of partnerships, which involve actors from the public, private and non-profit sectors, representing governments, employers, workers and the broader civil society. Despite the new popularity of partnerships, the mechanisms through which partnerships contribute to economic development, social inclusion, or any other policy objective pursued are not fully clear. Partnerships are sometimes compared to a "black box": inputs and outputs are visible, but the mechanisms enabling the transformation from input to output are not.



(Source: MEDT, 2002, p.22)

Figure 3. Relationship Clusters

Nevertheless, section 2 of this paper identified three factors particularly relevant to the question of how the definition of property rights, and hence the ownership of a regional partnership, affects successful regional development planning: (1) the objectives and structure of the partnership; (2) legitimacy and accountability; and (3) the culture and leadership of the partnership. Section 4 used three case studies of New Zealand regional development partnerships to show how these factors are relevant in practice.

The first two case studies are typical of regional partnerships in New Zealand. A formal governance body supervises the work of a specialist regional economic development agency. Local government representatives either make up the entire governance body or tend to dominate its agenda. The REDA may end up facing conflicting demands on its time and priorities as it tries to meet the competing demands and expectations of central government, the government's funding agencies, local government, its governance board and perhaps one or more advisory committees. The risk is that in one sense everyone owns the regional partnership, but in a more important sense no one owns it.

The third case study adopted a different approach. There is no formal governance body or representation; instead the partnership is based on close collaboration between the local government council and an independent Trust whose core objective is regional development. These two partners agree on a work programme that is broken down into task-oriented projects. A professional person is appointed to manage each project, and he or she draws together a working group of relevant organisations that do the work. Although there is no direct ownership of regional development per se, the projects are owned by a working group that has strong incentives to see the project succeed.

The authors do not suggest this approach would suit every region all the time. Interviewees suggested two reasons why it might have been particularly appropriate for a region like Marlborough. First, Marlborough is a relatively close-knit community that means public consultation is relatively easy to facilitate and personal contacts can be more effective compared to areas with a greater population. Second, Marlborough has a unitary Council (that is, there is no separate Regional Council) and is a single district (in contrast to the Eastern Bay of Plenty and Canterbury partnerships involving three or more districts). This makes the partnership between local government and the Trust relatively easy to manage. The rewards are more clear-cut and the transaction costs much lower than for a multi-Council partnership.

It was beyond the scope of this research project to explore in more depth the strengths and weaknesses of the Marlborough approach, or to analyse different circumstances that might make it more effective than alternatives. Nevertheless the authors believe it deserves more attention. One example can be highlighted to illustrate its potential in a New Zealand context. The international literature contains many examples where a regional partnership is able to develop a 'whole of government response' that brings central and local government agencies together with key regional partners to address specific regional issues. The involvement of the regional partners means that local knowledge of social (as well as economic) conditions can be used to build an effective strategy of identifying and addressing causes of social exclusion. None of the three New Zealand case studies had considered this type of response at the time of the study. Overseas examples are also more likely to include community organisations (as well as business and local government representatives) in regional partnerships, and to pay greater attention to social conditions in their planning, than appears to be the case in New Zealand. The Marlborough approach would seem to provide greater opportunities for development along these lines than the more traditional REDA approach

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