# ESTABLISHING A REGIONAL ECONOMIC DEVELOPMENT STRATEGY IN GREATER VANCOUVER: THE EFFECTIVE POLICY NETWORK

by

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# **Abstract**

There is presently no regional economic development strategy for Greater Vancouver. This paper reviews four regional development initiatives over a ten-year period via a policy networks analytical model to determine the reasons for the failure to develop a strategy, and to predict the initiative most likely to result in a strategy. This model suggests that the Economic Leadership Council is the network best configured to achieve significant policy change in the Greater Vancouver context.

A supplemental comparative model to Edmonton helps illuminate some of the practices and structures that have proven useful for achieving a regional economic development strategy in a multi-jurisdictional setting. This model suggests that a combination of private and public sector funding and representation helps establish a region economic development entity, and extensive consultation to build a strategy for economic development is applicable to Greater Vancouver.

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# **Executive Summary**

The difficult economic period of the late 1990s experienced by the Greater Vancouver region, together with its declining competitive position with respect to competitor jurisdictions, prompted a variety of activities among business leaders, government and academe attempting to understand what had gone wrong, and what could be done to improve the region's fortunes. A common theme in these undertakings was that there has never been a regional economic development strategy for Greater Vancouver.

This paper considers the ongoing failure to obtain a strategy through a policy network analysis. A policy network model is applied to consider the reasons behind the current lack of a regional economic development strategy. Further, the model claims to predict the optimal network composition to obtain a strategy, and this will be applied to Greater Vancouver. It is hypothesised that Greater Vancouver remains without a regional economic development strategy because the policy network in place at the regional level does not have the right configuration to obtain such a strategy. The paper therefore seeks to explain the reasons behind this failure through reviewing four previous and current initiatives over approximately a ten-year period. In addition, a comparative analysis to Edmonton, also a multi-jurisdiction city region, is employed to assess the reasons behind its success, and how the model establishing the Edmonton Economic Development Corporation and its *Competitiveness Strategy* may be applied to the Greater Vancouver case.

This paper proceeds in four sections. The network analysis is presented in Section 2, including background on the four Greater Vancouver economic development efforts, followed by the network model explanation and analysis. In Section 3 the paper turns to the Edmonton comparison, and presents the background of Edmonton's achievement of a regional economic strategy, followed by the comparative model and analysis. The findings of each line of analysis are brought together in Section 4 as concluding comments and recommendations. The concluding remarks encompass a discussion of best practices, challenges and opportunities discovered through the course of the analysis. These form the basis of potential recommendations on obtaining a regional economic development strategy for Greater Vancouver.

Section 2 considers the following four events in conducting the network analysis:

Liveable Region Strategic Plan – 1996 (LRSP); Greater Vancouver Economic Partnership - 1999 to 2002 (GVEP); Sustainable Region Initiative - 2001 to present (SRI); and Economic Leadership Council - 2004 to present (ELC). The network model presents a matrix of influential factors in predicting policy outcomes from network configurations. Observation of the interaction of actors and ideas in a network over time can lead to predictions of types of outcomes. Following the methods identified in the literature, the policy network and community surrounding each event were developed through documentary reviews and elite interviews. Then the characteristics of each network was analysed in terms of its actors and ideas, and placed in the relevant quadrant of the matrix. The quadrants of the matrix represent the nature of each policy "subsystem".

The network analysis suggests that the ELC network is an open subsystem: the most likely configuration to obtain a regional economic development strategy for Greater Vancouver. Each of the other three networks has characteristics relating to actors or ideas that make it less amenable to achieving a strategy. However, the policy outcome may still be more limited in scope than a full-fledged strategy. Adapting the matrix to a continuum helps draw out the weaknesses of the model's explanatory power for the Greater Vancouver case, and focuses on the practical limitations the two ongoing initiatives, the ELC and SRI, will likely face in developing a strategy. At its most effective, the SRI can produce a framework for regional economic development by working with the Partners Committee and other initiatives such as the ELC to optimise the infrastructure it controls for a sustainable regional economy. A less effective outcome is that the SRI can inform the next LRSP. With respect to the ELC, at its most effective, it can produce and implement a regional economic development strategy. A less effective outcome of the ELC could be that it simply replaces the GVEP as a marketing and business-attraction entity.

Section 3 discusses the Edmonton comparative model, and suggests that Greater Edmonton's success in developing a regional economic development entity and strategy offers lessons for Vancouver. The Edmonton Economic Development Corporation (EEDC) was established as a non- profit corporation wholly-owned by the City of Edmonton. It in turn oversaw the consultation process that resulted in a *Competitiveness Strategy* for the region to follow. The Edmonton comparative is applied to the ELC and to a lesser extent the SRI.

A key lesson from the Edmonton case relates to consultation. Above all, Edmonton's successful experience developing its *Competitiveness Strategy* relied on extensive consultation, and a coordinated process to achieving action steps in 16 key areas of the regional economy. The

ELC has engaged in early consultation processes via two forums in 2004 to obtain stakeholder views on the nature and mandate of the Council. This emphasis on consultation should continue into any process around strategy development.

Section 4 brings the findings of each model together and considers best practices, challenges and opportunities for the success of any initiative to achieve a regional economic development strategy for Greater Vancouver. First, the public sector role is assessed, and it is concluded that the federal level may have a more influential role to play than the province, particularly with respect to preliminary funding. Four best practices are set out, relating to effectiveness, funding, consultation and participation, and leadership. The challenges and opportunities apply specifically to the Greater Vancouver case, and relate to municipal interests, quality of life and timing. In summary, the recommendations flowing from the concluding remarks include the following:

#### 1. Effectiveness.

The ELC should move forward with the "willing".

If the ELC does not have the internal capacity to engage in a SWOT (Strengths, Weaknesses, Opportunities, Threats) assessment of the region, an independent consulting firm may be engaged to conduct the analysis and identify areas of action.

#### 2. Funding.

If a budget of \$10 to \$12 million represents the "critical mass" as the steering committee suggests, then based on the GVRD's population, the per capita amount would have to approach the North American average of \$6.00 in order to meet that commitment.

The public sector should take the lead in providing this funding, although similar to Edmonton, a balance of public and private sector funding should be obtained.

#### 3. Consultation/Participation.

It is critical that the benefits of a regional strategy are clearly communicated to all stakeholders.

Ongoing consultation with levels of government and elements of the private sector will be necessary to broaden the base of participation, and to build in broad ownership of any development strategy that is arrived at.

## 4. Leadership.

The hallmark of a successful strategy will be that leadership qualities are exhibited through the process of its development and implementation, and that broad consultation will encourage a range of interests to be fully considered such that the benefits are broadly distributed throughout the community.

### 5. Municipal Interests.

The real answer for successfully developing a regional economic strategy must incorporate a home-grown solution that takes account of the multiple power centres that have developed around Greater Vancouver.

### 6. Quality of Life.

Efforts to develop a regional economic strategy should include a compelling case that regional thinking and planning for the future are essential, as Vancouver can no longer rely on its reputation as a good place to live. This case should be developed from data and projections generated by research, and should also take up leadership elements.

# 7. Timing.

There should be a climate of urgency to the pace of development of the ELC in order to take advantage of the goodwill among private and public sector representatives and seize the present window of opportunity.

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# 1 Introduction

The Greater Vancouver region is the largest political sandbox in the country: 21 locally elected municipal councils who appoint their own members to a regional council that handles water, sewers, garbage and a few parks; a separate transit agency run by an un-elected board; three separate federally-controlled port corporations; no regional tourism board, no regional police or fire services; a spaghetti of local, regional and provincial control over roads and bridges; and a regional land use plan ignored by some municipalities and un-enforced by the regional council for lack of provincial government support. No one is elected to think first for the region. (Howard 2004)

Greater Vancouver has developed in a unique way among major cities in Canada. The natural advantages offered by the region's economic, environmental and social assets have contributed to a long period of prosperity and growth, arguably from the early part of the century through the 1980s. This growth was predicated on Vancouver's site as a gateway port and head office centre for the abundant natural resource sector produced by interior and coastal British Columbia, primarily forestry and mining. As Goldberg notes, "we had all the right ingredients for success: a deep safe port and low shipping costs; transcontinental rail termini; accessible, abundant and high quality fish, trees and minerals; in-migration of people and of needed skilled labour ... cheap land; room to grow; and much much more" (Goldberg 2003, 2).

However, the 1990s brought a decline in the provincial economy, and Greater Vancouver's growth slowed. Provincial per capita productivity, disposable income and employment-to-population rankings all fell during the 1990s. Between 1991 and 2000, BC ranked last among all provinces in real GDP per capita growth, with an annual average increase of 0.8 percent, approximately one third of Canada's average annual increase of 2.3 percent (BC Progress Board, 2002, 20). Over the period 1991 and 2000, BC ranked last among the provinces in real per capita personal disposable income, slipping behind the Canadian average in 1998 to below \$18,500. In 2000, BC's real per capita personal disposable income stood at \$19,029,

<sup>&</sup>lt;sup>1</sup> While BC's overall population and employment grew during the 1990s, it did not keep pace with the rest of the country. BC's employment to population ratio increased from 69.9% in 1991 to 70.2% in 2000, maintaining its fifth place ranking among provinces, but falling short of the Canadian average from 1998 to 2000 (BC Progress Board, 2002, 24).

behind Alberta and Ontario, and short of the Canadian average of \$19,606 (BC Progress Board, 2002, 22). These figures paint a sombre picture of British Columbia's economic situation through the 1990s.

Greater Vancouver fared better than the rest of the province during this period. However, several indicators show that particularly in the second half of the 1990s, the Greater Vancouver region under-performed relative to its potential, and in comparison with other major city-regions in Canada. In the Greater Vancouver Regional District (GVRD), most of the population and employment growth occurred in the first half of the decade. Population growth slowed from 14 percent in 1991-96 to just over 8 percent in 1996-01, and employment growth slowed from 14 percent in 1991-96 to 11 percent in 1996-01. Relative to other cities in Canada in 1996-01, the GVRD's population growth was approximately half that of Calgary, and also lagged behind Toronto and Edmonton. Over the same period, Greater Vancouver's employment growth was less than half that of Calgary, approximately half that of Toronto, and lagged behind Ottawa-Hull, Edmonton and Montreal (BCBC 2002b).

In terms of incomes, the GVRD's rose 8.6% between 1990 and 1999, (not adjusted for inflation). Compared to other regions, the GVRD ranked last of seven major Canadian city-regions in total percent change in average income per tax filer between 1990 and 1999, with a rate of 8 percent. And, in terms of growth in real average incomes per tax filer over the same period, the GVRD also ranked last, with a negative growth rate of 10 percent. The next worst-off city, Edmonton, had a negative growth rate of less than 3 percent (BCBC 2002b). The Greater Vancouver region certainly declined in important economic growth measures over the decade, and very clearly lost ground to other cities in Canada.

The difficult decade experienced by the region prompted a variety of activities among business leaders, government and academe attempting to understand what had gone wrong, and what could be done to improve the region's fortunes. A common theme expressed in these undertakings was that there has never been a regional economic development strategy for Greater Vancouver. Prior to the late 1990s it could be persuasively argued that none was needed: the region had grown and prospered, and Greater Vancouver was an appealing place to live and work. The main concern of the day seemed to be how to manage the growth and maintain the quality of life in the region, as evidenced by the GVRD's 1996 *Liveable Region Strategic Plan* (GVRD 1996).

The ongoing lack of a regional economic development strategy has resulted in the fragmented nature of policymaking at the local level. For example, Surrey has developed a

promotional magazine for economic development that barely acknowledges Vancouver's role in the region (City of Surrey 2004); and Vancouver's planning department has approved so much land for conversion to residential housing developments that the Vancouver Board of Trade, among others, expresses alarm over the reduction of industrial land for future use in the city. Further, the expression of concern by Dave Park, chief economist of the Board of Trade, over "industries and jobs [moving] to places like Richmond and Burnaby" (Park, cited in Baglole 2004, B5) exemplifies an attitude prevalent in the region. Municipalities compete against each other for resources and business, in effect playing a "zero sum game" among themselves (Carline 2005), when a culture of cooperation and partnership can help the entire region benefit.

The lack of a coherent strategy has been the subject of serious consideration of late, and both the public and private sectors have mounted several initiatives to bring key stakeholders to the table and develop strategies for coherent economic development of the overall region.

Various stakeholders have undertaken such efforts as the Greater Vancouver Economic Partnership, the Sustainable Region Initiative and the Economic Leadership Council to address the lack of a regional strategy for economic development.<sup>2</sup>

Goldberg among others strongly feels that to achieve prosperity, the local interests of the municipalities and entities making up the region of Greater Vancouver must be put aside in favour of a regional approach. Prospective organizations, investors and residents are first interested more broadly in what the Vancouver region can offer, before determining specific areas in which to locate for a business, residence, or education. He argues, "The intra-regional competition and jealousies that have come to typify economic development and promotion efforts cannot succeed and must be replaced by regional cooperation to address regional economic, social, political and environmental issues and policy development and implementation" (Goldberg 2003, 8).

Greater Vancouver's natural advantages no longer place it in a position of competitive advantage over other North American cities. The economic statistics cited above for the GVRD highlight its eroded competitive position against other Canadian cities. Further, the BC Progress Board notes that without the decline in value of the Canadian dollar against the US dollar in the 1990s, unit labour costs in British Columbia would have been higher than in Washington, Oregon and California (BC Progress Board 2002, 16).

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<sup>&</sup>lt;sup>2</sup> Each of these initiatives is considered below.

Many of these cities and their surrounding regions have economic development entities, strategies and aggressive marketing campaigns to lure new business and a skilled workforce. In other words, the bar has been raised, and Greater Vancouver may be getting left behind. Ken Cameron, former director of strategic planning for the Greater Vancouver Regional District asks: "How do we know what we haven't got? It's hard to calculate" (Cameron 2005, and cited in Howard 2004). While Cameron feels that the case still needs to be made that a regional strategy will add more value to the region than currently occurs without a strategy (Cameron 2005), others such as Goldberg have become alarmed at Vancouver's slipping competitive position.

While it is difficult to track the number of companies or individuals who have chosen to locate elsewhere, the statistics generated by the experience of the 1990s begin to clarify the opportunities lost by the region. Further, comparing Greater Vancouver's efforts at economic development and regional marketing to such other Canadian and Pacific Northwest US jurisdictions as Edmonton, Calgary, Toronto, Seattle and Portland demonstrates that Greater Vancouver has indeed fallen behind in terms of developing a comprehensive regional strategy. The relative budget allocations for regional economic development and marketing follow in Table 1, expressed as both aggregate budget allocations and on a per capita basis.

Table 1: Economic Development Budgets in Select North American Cities By Region /
Development Entity

	Regional Budget (C\$)	Per capita budget (C\$)
Portland (Portland Development Commission)	\$35,900,000	\$19.71
Toronto (City, regions and Greater Toronto Marketing Alliance)	\$33,600,000	\$6.34
Seattle (Seattle & King County Economic Development Council)	\$11,600,000	\$6.48
Edmonton (Edmonton Economic Development Corporation)	\$5,400,000	\$5.49
Calgary (Calgary Economic Development)	\$2,700,000	\$2.06
Lower Mainland (Sum of individual GVRD municipal budgets)	\$3,900,000	\$1.77
Greater Vancouver Region	\$0	\$0

Source: Del Bianco 2004.

Comparing the expenditures by the relevant authorities in each region helps demonstrate that Vancouver's natural advantages may no longer be sufficient to attract business and skilled residents in such a highly competitive environment. For example, the clear leader, Portland, has a comparable population base to Vancouver, with the city of Portland at approximately 540,000 and metropolitan area at approximately 2 million in 2003 (Population Research Center 2003), and spends almost \$20 per person, a rate approximately 11 times greater than the combined Lower Mainland municipalities' per capita spending. A recent review of ten North American city regions found that the average regional economic development budget is C\$12.9 million, and the average per capita expenditure on economic development is C\$6.08 (Del Bianco 2004). These figures help back the argument put forward by Goldberg, Hutton and others that there is a pressing need for a regional economic development strategy for Greater Vancouver, and help fuel initiatives by the private and public sectors to establish one (Goldberg 2003; Hutton 2004). The timing for such an effort is also felt to be important: there appears to be a general spirit of participation and willingness to work together to capitalise on the current economic upturn (Laglagaron 2005; Tupper 2005).

This discussion helps frame the debate around regional economic development strategies for Greater Vancouver. This paper considers the ongoing failure to obtain a strategy through a policy network analysis. A policy network model is applied to consider the reasons behind the current lack of a regional economic development strategy. The model claims to predict the optimal network composition to obtain a strategy, and this will be applied to Greater Vancouver. It is hypothesised that the policy network at the regional level does not have the right configuration to obtain such a strategy, and that its success will depend on the degree of insulation of ideas and symmetry of actors between the policy network and its community. The paper therefore seeks to explain the reasons behind the ongoing lack of success through reviewing four previous and current initiatives over approximately a ten-year period. In addition, a comparative analysis to Edmonton is employed to assess the reasons behind Edmonton's success, and how the model establishing the Edmonton Economic Development Corporation and its *Competitiveness Strategy* may be applied to the Greater Vancouver case.

This paper proceeds in four sections. The network analysis is presented in Section 2, including background on the four Greater Vancouver economic development efforts, followed by the network model explanation and analysis. In Section 3 the paper turns to the Edmonton comparison, and presents the background of Edmonton's achievement of a regional economic strategy, followed by the comparative model and analysis. The findings of each line of analysis

are brought together in Section 4 as concluding comments and recommendations. The concluding remarks encompass a discussion of best practices, challenges and opportunities discovered through the course of the analysis. These form the basis of potential recommendations on obtaining a regional economic development strategy for Greater Vancouver.

# 2 Greater Vancouver Network Analysis

# 2.1 Background

A discussion of economic development strategy for Greater Vancouver requires a definition what is meant by "Greater Vancouver". The spatial boundaries of the region have meant different things to different organizations over time. Today the GVRD formally encompasses 21 municipalities and one electoral area, from Lions Bay in the north to White Rock in the south, and from the University of British Columbia (UBC) and its endowment lands (the "electoral area") in the west to Maple Ridge in the east. The Economic Leadership Council's sights are set on an area from Squamish in the north to Hope at the eastern end of the Fraser Valley (Williams 2005). The term used in this paper to describe the region is Greater Vancouver, as it maintains the focus on the key name that is most recognized and identifiable to a broad audience. It also avoids the political or administrative connotations of the GVRD. Since it is not clear what shape, scope or under whose auspices a regional economic strategy may be arrived at, the term Greater Vancouver assumes that the core urban municipalities where most commercial activity takes place should be included, but leaves flexible the remaining geographic extent of participation. Lastly, the spatial extent of the region under consideration has implications for defining the policy network and its surrounding community and mapping the interactions among them (Tappi 2003). These implications are discussed below as the policy network method of analysis is outlined.

### 2.1.1 Liveable Region Strategic Plan – 1996

The GVRD board approved the *Liveable Region Strategic Plan* (LRSP) in January 1996. The GVRD itself was formed in 1967, and is one of a system of regional districts operating around British Columbia, established through provincial enabling legislation in 1965. Its role and scope have grown over the years into an entity that manages the region's water supplies, waste, air quality, parks, municipal labour relations, transportation and strategic planning. It oversees a budget of \$415 million in public funds (GVRD 2004c, 8). To some, the GVRD represents a regional level of governance (Artibise *et al* 2004), and to others it represents no more than a utility (Warren Gill, in Schratz 1997, A3).

In the British Columbia context, the municipal level of government has held considerable autonomy from the provincial level, and this is reflected in the configuration of the GVRD. GVRD decision-making is founded on consensus, with the municipalities holding the final say. As Artibise *et al* note, the regional district structure allowed for the addition of new functions, but only with the consent of member municipalities (Artibise *et al* 2004, 195-199). The province stopped short of giving the GVRD the power to compel compliance by member municipalities to the terms agreed in the LRSP or other GVRD documents, but did provide an arbitration dispute resolution mechanism.

In addition, the 36 member GVRD board of directors is comprised of councillors or mayors nominated by member municipalities. There are no directly elected members of the board of the GVRD, with the sole exception of the electoral area. Since GVRD board members by definition wear more than one hat, situations of conflict can arise. For example, in January 1996 Richmond Mayor Greg Halsey-Brandt objected to a significant element of the draft LRSP that adversely affected Richmond. He wrote a letter of complaint addressed to himself as chair of the GVRD board (Bellett 1996a, A1).

While some observers feel that the lack of accountability frees politicians at the regional level to take more controversial stands and judge each issue more on its merits (Artibise *et al* 2004, 206), others see the GVRD as merely a forum in which the municipalities compete, or trade off municipal interests (Bellett 1996a; Goldberg 2003; Carline 2005). What is clear is that an institution that relies on a consensus model of administration depends heavily on the abilities and personalities of the participants. The GVRD's success in obtaining agreement on its plans and initiatives tends to vary with the composition of its board and management (Tupper 2005).

The LRSP represents the culmination of the cooperation/consensus model of regional governance. It arose out of the *Creating Our Future* initiative, a consultation exercise which engaged over 4,000 people from all member municipalities (Artibise *et al* 2004, 206). *Creating Our Future* set out an economic development strategy that included the identification of sectors to promote (Cameron 2005). However, elements of the business community have expressed the concern that they were not involved in the consultation process, and that economic development has been left out of the LRSP altogether (Wilds 2005; Carline 2005). The final version of the plan that was accepted by the municipalities did not directly address economic development at a regional level (GVRD 1996).

The development of the LRSP occurred in a period of provincial legislative vacuum with respect to mandating the regional districts to engage in planning. However, the province

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implemented the *Growth Strategies Act* in late 1995, and required regional districts to develop regional growth strategies. Under the *Greater Vancouver Regional District Exemption Regulation* of July 1996, the LRSP was accepted by the province as a regional growth strategy, as required by the *Act*. The Explanatory Guide accompanying the *Act* was clear as to five essential elements that were required in a regional growth strategy:

- housing
- transportation
- regional district services
- parks and natural areas and,
- economic development [emphasis added] (Ministry of Municipal Affairs 1995)

Thus, while the present GVRD board has expressed its strong reluctance to be responsible for a regional economic development strategy (Hunt 2005), the province requires that economic development be addressed in any regional district document that is approved as a regional growth strategy.

# 2.1.2 Greater Vancouver Economic Partnership – 1999 to 2002

The Greater Vancouver Economic Partnership (GVEP) was a joint public-private sector effort founded in 1999. The Vancouver Economic Development Commission was the prime public sector mover behind the project, and its chair, Barbara Crompton, became the GVEP's first chair. Upon her departure, Larry Blain, then of RBC Dominion Securities, became chair (Blain 2005). Board members included elements of the public and private sectors, including Industry Canada, BC Hydro, BC Chamber of Commerce, and representatives from the high tech and transportation sectors. The GVEP's primary functions were marketing and information provision (GVEP 1999). It drew up some plans as to proposed "Business Investment Zones", and developed a website to provide prospective businesses an interactive portal through which to consider the various benefits of locating in the Greater Vancouver region (GVEP 2000). The GVEP also conducted a series of consultations, including with the BC Progress Board, municipal economic development officers and other stakeholders. Business outreach meetings and information sessions were held. The GVEP was able to employ a full time executive director and some staff (Blain 2005). It anticipated an annual operating budget of \$1 million, with 75 percent coming from the private sector (GVEP 1999).

The initiative gained a degree of support from both the public and private sectors. In terms of public sector participation, the City of Vancouver and the provincial and federal governments provided operating grants to the partnership (Blain 2005; GVEP 2000). On the private sector side, there was some participation and funding, including a TELUS Corporation award of \$25,000 from its Community Innovation Fund (TELUS 2000).

However, the GVEP wound down in 2002. Explanations for its demise vary, but according to Blain, the key to the failure of this initiative lay with the lack of sufficient public sector multi-year commitment of funds in the early stage of its development. In particular, at the time the GVEP needed an ongoing provincial commitment, the province was developing the model for its *Invest British Columbia* initiative, which redirected both provincial attention and funding. In addition, the provincial fiscal climate at the time favoured cost reduction, and therefore no additional funding was available. The GVRD provided representation but was not a source of funding (Blain 2005). On the private sector side, according to participants, there was a general "wait-and-see" attitude. The private sector was not prepared to commit large sums to fund the initiative, particularly in light of a lack of strong public sector commitment (Blain 2005; anonymous 2005, Hunt 2005). Additionally, some participants and observers felt that a culture of leadership was lacking at the time, and that the initiative failed in part because not enough private sector leaders stepped forward to support the GVEP (Williams 2005; Carline 2005).

Another interpretation of the demise of the GVEP suggests it was a "top-down" organization. It did not sufficiently consult with the municipalities and other stakeholders at an early stage to determine what their needs were, and how the GVEP could be of assistance (anonymous 2005). The lack of early and meaningful consultation alienated it from key stakeholders who may have otherwise provided the support for it to succeed.

The lessons drawn from these interpretations of the failure of the GVEP provide the foundation for determining best practices for any successful economic development strategy for Greater Vancouver.

#### 2.1.3 Sustainable Region Initiative – 2001 to present

The Sustainable Region Initiative (SRI) was developed by GVRD managers, and encompasses three principal areas of sustainability as they relate to the future shape of the region: economic, social and environmental. This paper considers the SRI primarily as it was developed in the economic sphere. The initiative was prompted by the realization within the GVRD in 2000 that, based on population density projections for the next 25 to 30 years, sustainability principles had to be the hallmark of the GVRD's activities and plans going forward, and that these principles must shape the development of the region (Cameron 2005; Carline 2005). As Cameron

and Karlsen asked in 1992, "Where is the plan? How will we accommodate the next half million people?" (cited in Artibise *et al* 2004, 208). The LRSP addressed these questions in part, but in order to obtain consensus by all municipalities, concessions were made in the area of population density and designated growth concentration areas (Simpson 1996, A16).

The questions asked by Cameron and Karlsen in 1992 continued to apply in 2000, as municipal compliance with the LRSP's growth management targets has been an ongoing issue (Porter 1998, A1). The growth management plan directly relates to regional economic development, and as several participants and observers of the SRI have noted, economic development is itself an aspect of sustainability, and in turn, economic development strategies should be informed by sustainability principles (Laglagaron 2005; Thorstad 2005).

GVRD managers recognized that the GVRD could not accomplish these goals alone, and that it needed to form partnerships in key areas. In the economic sphere, it made a deliberate outreach effort to the BC Business Council to sit on the SRI Partners Committee as the key partner in the economic sphere. The GVRD's intent was to broaden the base of awareness and support through the Business Council's participation and through a public consultation process (Carline 2005). In June 2002, the Business Council convened an economic forum on behalf of the SRI (BCBC 2002b; Kirk 2002). The forum generated participation and feedback from a range of key stakeholders, including then CEO of Canfor, David Emerson, who addressed the forum. As a result of the forum, the Vancouver Board of Trade established a committee to liase with the SRI Partners Committee in ongoing matters of sustainable economic development for the region (Carline 2005).

The next phase of the initiative involved the Partners Committee developing a series of task forces to consider in greater depth the elements that would inform a sustainable regional economy. Two key GVRD managers chaired task forces around governance and the economy, and began building policy frameworks around these issues (GVRD 2002b; Carline 2005). In particular, the economy task force considered the following issues: improving economic performance while capitalising on and protecting the region's social and environmental assets; enhancing competitiveness, fostering new business and enhancing existing business; encouraging local provision of goods and services where it makes economic sense to do so, and encouraging environmentally responsible practices of all industry (SRI Economy Advisory Committee 2004).

This stage in the process coincided with the November 2002 municipal elections. The election results had an immediate and significant impact on the SRI process. As a matter of course, approximately one third of the GVRD board was replaced, as councils nominated new

representatives. Key changes in mayors and the composition of councils around Greater Vancouver had an impact in general on the functions of the GVRD, and in particular on the momentum of the SRI. The new board, while made up of some strong personalities and competing interests, felt that it should re-exert political control over the GVRD agenda (Carline 2005). Since the board members were not in agreement on which direction the SRI should go, but did not want to strongly and openly disagree, they agreed at least that the initiative should be halted and that all decisions and initiatives should be put to board approval before actions were taken (GVRD 2003b). It has been suggested that certain members of the board, including the chair, had been put in place to halt the initiative and re-exert political control of the GVRD (anonymous 2005). As Carline notes, these developments sent the "network building off the road" for approximately a year, and then GVRD managers began to reshape and rebuild the initiative (Carline 2005).

By early 2004 the economic task force reporting to the SRI Partners Committee had begun to develop a framework for sustainable economic development in the region. At about the same time, the first Economic Leadership Forum was held. Carline notes that he felt at the time that the GVRD would be happy to share information and provide logistical support for the Economic Leadership Forum if it was able to move toward an economic development strategy. He notes that there was some tension among members of the SRI Partners Committee whether the framework that the SRI could provide should come before the strategy, or vice versa. At present writing, neither initiative has implemented its goal of forming a framework or a strategy. However, as Carline and others state, it is a positive step that both initiatives are moving forward, and there may be some complementary elements to them (Carline 2005; Laglagaron 2005; Hunt 2005; Thorstad 2005).

### 2.1.4 Economic Leadership Forum/Council – 2004 - present

The Economic Leadership Council was formed out of two events held in 2004. The first Economic Leadership Forum was held in February 2004, and was co-chaired by Polygon Homes CEO Michael Audain and UBC President Martha Piper. Key feedback from the 150 participants at the February forum included:

- 97.4% supported a Greater Vancouver regional development strategy;
- 93% felt there should be a sales and marketing strategy for the region as a whole;
- 79% wanted the CEO to be from the private sector;
- 76% expressed an interest in becoming involved; and,

 business, municipal, and academe are the key sectors to be represented in the strategy.
 (Economic Leadership Forum 2004)

The follow up event took place in November 2004, at which UBC's Tom Hutton presented a keynote address laying out the steering committee's recommendations as to the next steps that should be taken. As of January 2005, the steering committee was preparing to hand over responsibilities to the initial members of what has become called the Economic Leadership Council (ELC). The driving force behind the initiative is VanCity Capital Corporation chair Bob Williams, together with Linda Thorstad of Leading Edge BC. According to Williams, the lack of a regional economic development strategy represents a significant gap in the region, and he felt he had to "push at the vacuum". He notes that he was prompted to action in large part by his realization that no industrial/commercial survey has been conducted of the Greater Vancouver region since the one by the Lower Mainland Regional Planning Board, which was abolished by the province in favour of the regional district system (Williams 2005).

The ELC is at a very early stage in its development. The next steps, as put forward by Hutton and considered for feedback by the November forum participants, are first, to determine the mission, mandate, structure and initial financing of the Council, and next and most critical, select the CEO (Economic Leadership Forum 2004). With respect to mission and mandate, there have been differing views on the extent to which the ELC should involve itself in economic development. Some feel that at minimum, the ELC should function as an American-style marketing agency (Hunt 2005), while others would like to see it develop policy capacity and ultimately work toward an economic development strategy (Carline 2005; Laglagaron 2005; anonymous 2005).

With respect to structure, participants have raised several concerns around the balance of regional and sectoral representation, municipal participation, and the proportion of public sector to private sector representation. Further, opinions differ as to the appropriate size of the board, and if there should be a large board representative of all key interests numbering in the range of thirty or more, that would oversee an executive council made up of approximately ten members that would meet approximately monthly through the year (Economic Leadership Forum 2004; anonymous 2005). According to Thorstad, the initiative should move forward with those who are willing to be at the table initially, and that it should then build toward broader representation. She notes that the model of board governance has not yet been set, but that a roundtable format may be preferred to a constituency format (Thorstad 2005).

With respect to financing, there is also a range of opinion on how it should be secured. This represents one of the most critical issues influencing the success of the Council. Key among the concerns is how the funding should be balanced between the public and private sectors, and who should make the first commitment. Since previous efforts at regional economic development have failed, the business community prefers not to commit funds to something that may not have long term success, particularly if there is no financial commitment from any of the levels of government. On the other hand, the public sector wants to see a commitment demonstrated by the private sector in order for it to make a commitment (Blain 2005; anonymous 2005; Williams 2005; Carline 2005). One observer suggested that the resolution to this "chicken and egg" impasse should involve the public sector stepping forward with a commitment on the condition of a matching commitment from the private sector (Wilds 2005). Williams would prefer to see the federal government through Industry Canada step forward with a five-year commitment to cover the entire cost on a "pilot project" basis (Williams 2005). This outlook concurs with Blain's view that one of the required elements for the ELC's success is that it must have a multi-year funding commitment, and that the public sector, at whichever level of government, should make that commitment (Blain 2005). On the other hand, Thorstad feels that funding, while important and never easy to obtain, will not be the "make-or-break" issue facing the ELC. As of February 2005, the ELC had sufficient funds to develop a business plan, which was in preparation at that time (Thorstad 2005).

The selection of a CEO of the ELC is agreed by all participants and observers interviewed for this paper as one of the most important factors in its success. It is also unanimously agreed by those interviewed that the CEO must come from the private sector, and that this person must possess an exceptional blend of qualities to make the Council credible, to represent the region and liase effectively with all stakeholders, and to direct the development of the Council's internal capacity to meet its mandate (Economic Leadership Forum 2004; various interviews). The order of priorities outlined by Hutton at the November 2004 forum has been questioned, however, to the extent that some feel the selection of the right CEO could have a significant bearing on the type of funding commitment that the ELC could secure. However, the same "chicken and egg" scenario applies: in order to lure a credible CEO from his or her current role as a leader in the private sector, significant funding must already have been secured (anonymous 2005).

The foregoing discussion around the structure and funding of the ELC assist in developing a network analysis around regional economic development strategy, particularly as

the initiative is in the formative stage. It is evident that with respect to structure, the ELC's success depends to a great deal on the balance of members at the table. Similarly with respect to funding, the ELC's success will depend on what composition provides the most credibility and assurance to public or private sector sources of funding. As one private sector representative stated, "if the right people are at the table, the funding will come" (anonymous 2005).

### 2.2 Network Model

Clearly, the configuration of the policy network in place over the past decade around economic development strategies in Greater Vancouver has not been conducive for significant policy change, as evidenced by the ongoing lack of a strategy. A network analysis can offer both a descriptive framework for understanding the failure to obtain a strategy, and a predictive tool for obtaining the optimal network configuration to achieve a strategy. First, the efficacy of the policy network model as an explanatory or predictive tool is considered, together with key critiques. Then a policy networks model of change is presented to identify the characteristics required to achieve significant policy change.

# 2.2.1 Features of Policy Networks

In general, the features of a policy network involve some level of interaction among government and non-government actors within a policy area. Typically, network interactions are relatively non-hierarchical, and involve discussion and negotiation to define policy alternatives, or formulate policies to implement them (Coleman 2001). Networks may be formal and closed, or open and diffuse. They may be long-standing or formed for specific purposes. They generally involve at least common knowledge of aspects of a policy matter, although may involve differing beliefs, ideas and goals of the participants. However, actors are assumed to agree on certain parameters or rules by which the network operates. From the point of view of government, network management is a practical tool for utilising the knowledge and communication base of the network to formulate and obtain widely accepted policy outcomes (Mingus 2001).<sup>3</sup> Complex multilateral negotiation is a feature of networks, and observation of the patterns of interaction among participants during negotiations can offer insights into the structure of the network, and the relative interests and power of the participants (van Merode *et al.* 2004).

The literature defines policy networks in varying degrees of formality. A policy network can be conceived as "involving more-or-less fluid sets of state and societal actors linked together

<sup>&</sup>lt;sup>3</sup> In particular see Mingus' review of the Marsh and Rhodes Typology.

by specific interest and resource relationships..." (Howlett 2002, 235). A policy network has also been defined in the political science usage as referring "to dependency relationships that emerge between both organizations and individuals who are in frequent contact with one another in particular policy areas" (Atkinson & Coleman 1992, 157). A related term, policy communities, has been defined at times more broadly or more strictly in relation to a policy network. The definition followed here is that a policy community is made up of the broad interests of a range of actors, while the network operates more directly within the community as a series of interactions between key individuals and organizations.

# 2.2.2 The Policy Network Literature

As well as being a descriptive tool, the policy network has come to the forefront in the literature over the past decade as an approach to policy analysis. One of the benefits to utilising the policy network as an analytical tool is that it places the public policy process in context of those groups who have an interest in, and knowledge of a particular policy area, and wish to influence a policy outcome. Another benefit is that through examination of the characteristics of a network over time, certain types of policy outcomes may be predicted.

In terms of its theoretical grounding, a policy network approach adapts some of the analysis of pluralism, which seeks to explain the policy process and outcomes in terms primarily of interest groups, but often discounts the role and power of government agencies in influencing the process and outcomes of policies. Pluralism tends to look at the policy process, analysing "who has power by looking at who was involved and who prevailed" (Smith 1990, 307). On the other hand, a classical approach to policy analysis that sees decisions as emanating from within the institutions and structures of government also takes insufficient account of the broad range of non-state actors engaged in the policy process<sup>4</sup> (Marinetto 2003). The policy network approach seeks to address and rectify the weaknesses observed in each of these analytical approaches.

Some critiques have been levelled at the policy network as an explanatory tool, and Dowding among others argues that there can be some tautological difficulties with networks in that the method of analysis can determine the research result. Consequently, the sheer descriptive

<sup>&</sup>lt;sup>4</sup> Marinetto argues that "Central government is still highly resourced and has a range of powers at its disposal with which to retain influence over public sector agencies." (p. 605). Also in a Canadian context see Donald Savoie, who forcefully argues that there is significant concentration of power and authority at the Canadian federal level, therefore greatly influencing which policies get on the agenda, and how their outcomes are shaped.

flexibility of the term may also be its greatest shortcoming: it can describe much about processes, but explain little about outcomes (Dowding 1995).

This critique and others have been addressed recently in the literature. Two primary lines of response have emerged. The first line argues that critics have underestimated the descriptive utility of the concept. As Coleman notes, one of the most difficult empirical problems in policy analysis is determining who the consequential actors are. The policy network methodology helps identify and clarify the linkages among actors, and how the ideas brought into the network by these actors are translated into policy proposals. In other words, the first line of response focuses on the relationship between policy ideas and policy networks. The second line is that a number of empirical studies subsequent to Dowding's well-known critique have provided strong evidence of relationships between variations in policy networks and policy outcomes. These studies have focused on an analysis of boundary rules both delimiting the policy community and distinguishing the network from the community (Coleman 2001, 16110-16111).

Howlett's work contributes to both lines of response. His starting point is strengthening the role of ideas in the network: changing membership in open networks permits the introduction and acceptance of new ideas, and the greater possibility of change in policy instruments and more significantly, policy goals (Howlett 2002). Closed or highly formalised networks are seen to be representative of a core group of actors, and are therefore unlikely or unable to change or permit the introduction of new ideas. Further, their capacity to adjust policy goals is restricted: the more closed the network, the more likely change is limited to instrument components. Alternatively, networks that are open and diffuse tend to be more accepting of new ideas, and that permits more significant adjustments to policy goals. Howlett's ideas on network configuration are developed through a series of models of network change (Howlett 2002), resulting in the model applied in this paper. The network model is then tested against networks operating in four Canadian federal policy sectors between 1990 and 2000.<sup>5</sup> He finds that the model accurately predicts the type of policy change observed in each sector.

Howlett states that ideas and interests have roles to play in understanding policy change, and that a change in the knowledge base of policy ideas can result in either rapid or slow paradigmatic policy change, depending on whether a change in key actors or interests is also present. He defines paradigmatic change as that involving a change of policy ends or goals, as opposed to means or instrument types. "Without a change in ideas, policy change will be

<sup>&</sup>lt;sup>5</sup> The literature generally accepts that a minimum period of a decade is necessary to observe network and policy change and to determine linkages between them (Sabatier & Jenkins-Smith 1993).

incremental, but its tempo will also be determined by whether or not new actors or interests have been introduced into policy processes." (Howlett 2002, 244).

Thus the relationship between the two key dimensions measured for policy change becomes clear, as does the specification of a period of approximately ten years or more for observing network and policy change. This diachronic approach is taken here, with the slight modification that two intervening events are also considered to further illuminate the characteristics of the network surrounding economic development in Greater Vancouver. The network analysis of these events assists in determining the nature and extent of network change that has taken place, and whether this change may predict a change in policy outcomes, namely the establishment of a regional economic development strategy.

Any network analysis of policy change takes place within an external environment. The two dimensions of actors and ideas measured by the model are helpful in predicting policy change, however there are clearly external factors that can impact the policy outcomes predicted by the network analysis. Section 1 set the general economic environment within which Greater Vancouver found itself in the early 2000s. However, the context within which at least two of the networks operated had an influence on the outcome that is not predicted by the model.<sup>6</sup> Therefore, the model is likely most effective when external factors are held constant.

<sup>&</sup>lt;sup>6</sup> These are the GVEP and the SRI. These networks are analysed in Section 2.3 below.

# 2.2.3 Howlett's Model of Policy Network Change

The matrix of network change developed by Howlett is presented below in Table 2, followed by a discussion of the terms and elements found in the model, and its application to the current case under consideration.

Table 2: Model of Policy Network Change

			ation of network mmunity
		High	Low
Extent of symmetry between community	High	Closed Subsystem tends toward change only in Instrument Components	Resistant Subsystem tends toward change in Instrument Components and Programme Specifications
and network	Low	Contested Subsystem  tends toward change only in Policy Instrument Types and Instrument Components	Open Subsystem  tends toward change in Instrument Components, Programme Specifications, Policy Instrument Types and Policy Goals

Source: Michael Howlett (2002). "Do Networks Matter? Linking Policy Network Structure to Policy Outcomes: Evidence from Four Canadian Policy Sectors 1990-2000." Canadian Journal of Political Science. 35:2 June. Reproduced by permission.

Several terms presented in the model are defined below to fully apply its functionality to the network considered here.

- subsystem encompasses the policy network as well as the broader community.
- **symmetry** relates to actors, and is a measure of the extent of overlap between the network and the community.
  - The potential for new actors to move from the community to the network is dependent on the symmetry between the two.
  - A closed subsystem is likely to be characterised by a network that is almost indistinguishable from its community, while an open subsystem is divergent in membership between the two, and is likely to be more receptive to new actors.

- **insulation** relates to ideas, and is a measure of the extent to which new ideas can move between the community and the network.
  - The potential for new ideas to enter the network from the community is dependent on the degree to which the network is insulated from the community.
  - A closed subsystem is likely to be characterised by a network that has a high
    degree of insulation from its community, while an open subsystem has more
    penetrable boundaries, and therefore is more open to new policy ideas.

Considering these two dimensions together, it is possible to predict policy outcomes for networks with various characteristics. A closed subsystem is likely to result in a change in means only, represented by changes in instrument components, while the predicted policy outcome for an open subsystem may involve means or ends, and may range in elements from instrument components to policy goals.

The optimal location in the model for significant policy change is the lower right quadrant: low symmetry of actors between the network and the community, and low insulation of ideas in the network from the community. Networks located in this quadrant are the most likely to experience significant change in policy ends or outcomes. As unanimously agreed by all interviewees for this paper, an economic development strategy needs to be established at the regional level in Greater Vancouver. Therefore, the optimal quadrant for the network is "low symmetry" and "low insulation", as it predicts a significant change in policy outcomes.<sup>7</sup>

The two cases between the extremes of closed and open subsystems are, respectively, contested subsystems and resistant subsystems. The characteristics of a contested subsystem relate to there being a gap between the network and the community (actors) but the boundary between them is thick, preventing the free flow of ideas. The resistant subsystem is characterised by a small gap between the network and the community (actors) but the boundary between them is easily crossed (ideas) (Howlett 2002, 250-1).

In contested subsystems, thick boundaries between the network and community prevent consideration of new goals but the openness to new ideas may introduce consideration of new policy instrument types or components (policy means only). In resistant subsystems, the flow of new ideas between the community and the network might introduce changes to programme specifications (policy ends), but the more likely outcome is a change in instrument types only

<sup>&</sup>lt;sup>7</sup> This quadrant is not necessarily the optimal quadrant for all outcomes for which networks are formed. In some policy sectors, it is desirable to all members to have a closed, stable, network over a long period of time. For example, Howlett found that the Canadian federal transport and trade sectors remained stable in membership over the decade of study, and experienced only incremental policy change (Howlett 2002, 257-259).

(policy means), as the interactions will occur among the same general set of actors (Howlett 2002, 250-1).

#### 2.2.4 Identifying the Network

The literature refers to several approaches to identifying the elements of a given policy network and its related community. In terms of establishing the boundaries first of the policy community and then between the network and the community, the procedure is to identify the relationships among the actors, and to look at the activities and events taking place involving each group. Data sources with respect to this process included a review of internal and public documentation supplemented by relevant news articles about the events under examination. These are listed in *Documents Consulted* at the back of the paper. This review provides the structure and scope of the network, which may then be used to frame the degree of participation of various actors in the four events considered here, their ideas, and their organizational attributes (Coleman 2001, 16112). Elite interviews are then conducted to determine the nature of the relationships over time. These interviews enhance the structural understanding of the network, and the policy capacity and distribution of interests within the network and community. Interviews for this project were conducted over a one-month period in early 2005 and are listed in Interviews at the back of this paper. The list of interview questions for public officials is attached as Appendix A. The list of interview questions for private sector representatives is attached as Appendix B.

The distribution of interests and the position of actors at the periphery or centre of a given network are considered over time, and provide the shape of network change over the requisite period (Coleman 2001; van Merode *et al* 2004). Embedded within the interests and relationships identified are the dimensions of symmetry (actors) and insulation (ideas) used in Howlett's model. Each network surrounding the four events under consideration is drawn conceptually within its community and reproduced below in Section 2.3. At this point, Howlett's model of network change can be employed to assess the nature of change in the network surrounding regional economic development in Greater Vancouver from 1996 to present, and move toward predictions of the policy outcomes arising from the configuration of the network.

# 2.3 Analysis and Implications

The network model of analysis as a predictor of policy change is applied to the four events considered around regional economic development strategy in Greater Vancouver.

Table 3 summarises the results of Howlett's model for this case. The Economic Leadership Council network possesses the characteristics most likely to result in significant policy change. The analysis of each event follows, including a graphic representation of the membership of each network and its community. The model is then reconfigured as a two-dimensional continuum, to facilitate a practical discussion around potential limitations to the two ongoing initiatives that are outside the scope of the model.

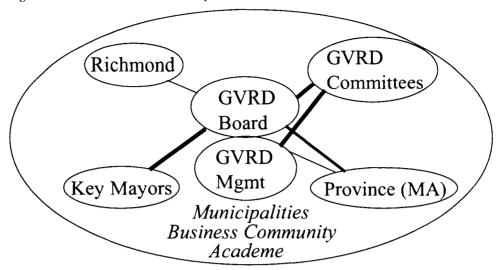
		Degree of <i>insulation</i> of network from community	
_		High	Low
Extent of symmetry between community and network	High	LRSP	SRI
	Low	GVEP	ELC

Source: Adapted from Howlett (2002)

#### 2.3.1 Liveable Region Strategic Plan

In Figure 1 below the policy subsystem surrounding the LRSP is graphically represented. In each of the four figures below, the large ellipse represents the policy community, with community members listed in italics at the bottom of the figure. Each smaller ellipse represents a network member. A complete listing of key members in each network and community is included in Appendix C. The strength of the relationships is indicated by the thickness of the line between network members. The relative position of each peripheral member with respect to the centre and other peripheral members is not significant.

Figure 1: LRSP Network & Community



The policy network surrounding the LRSP is a closed subsystem and is situated in the upper left quadrant of the matrix. The degree of symmetry between the community and the network is high. The mechanism by which the GVRD board is selected means that it comes from a limited and relatively closed community: that formed by the councils of the 21 municipalities making up the GVRD. The symmetrical nature of the network and community are evident in the example provided above of the mayor of Richmond writing a compliant letter to himself as chair of the GVRD board.<sup>8</sup>

These interactions typify the relationship between the GVRD board and the municipalities. As municipal councils only have the chance to change every three years in local elections, and not all of the GVRD board changes with every election, its composition remains relatively stable over time. GVRD managers are also at the core of the network, and their interactions with the municipalities generally reflect that of the board. Thus the pool of actors in the network remains limited, and is characterised as a closed and stable subsystem.

The degree of insulation between the network and community is also high, for some of the same reasons given above. The relative stability of the network, combined with its symmetry to the community, suggests the limited flow of new ideas into the network from the community. Further, the consensus governance structure of the GVRD ensures that those ideas that are considered by the network tend to admit only incremental change. The difficulty with consensus decision-making in this context is that new policy ideas embodied in proposed plans or initiatives are likely to become "watered-down" to appeal sufficiently to all actors that they will be

<sup>&</sup>lt;sup>8</sup> Richmond's unique place in the network is explained on the following page.

approved. A further example involving Richmond illustrates this difficulty. As noted above, the population density projections arising out of the *Creating Our Future* document were not palatable to enough municipalities to be included "as is" in the LRSP. A part of the growth management plan dealing with population density included the development of regional growth centres. Richmond was not designated as a growth centre, due to its location on a floodplain. The GVRD's strategic planning committee, chaired by Surrey Mayor Bob Bose and comprised among others of GVRD strategic planning manager Ken Cameron, expressed concern about a lack of infrastructure to deal with natural disasters. Richmond council was adamant that it be designated a growth centre. As GVRD chair, Richmond Mayor Halsey-Brandt removed Bose as chair of the committee in early January 1996 and replaced him with Mayor John Northey of Port Moody. While Northey was said to have supported the decision not to name Richmond a growth concentration area, the committee reversed its decision, and Richmond ultimately supported the LRSP (Bellett 1996a, A1). Thus the powerful actors at the core of the network discouraged the introduction of new ideas into the LRSP network, and at times actively opposed the policy instruments that embodied them.

# 2.3.2 Greater Vancouver Economic Partnership

Below in Figure 2 is a representation of the policy subsystem surrounding the GVEP.

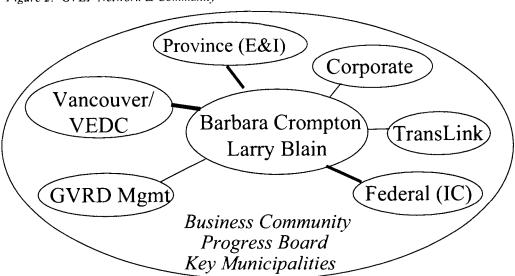


Figure 2: GVEP Network & Community

The GVEP is considered a contested subsystem and is located in the lower left quadrant of the matrix. The degree of symmetry of actors between the network and the community is low. At the core of the network is a representative of the Vancouver Economic Development Commission as chair, later replaced by a private sector representative. GVRD management has a role on the board, but is situated at the periphery of the network. In addition, some members of the corporate sector are involved. The actors involved in the network are not broadly representative of the community, in the sense that, although early funding was provided by all three levels of government, none are represented in the network as to its activities. As Blain notes, the GVEP made presentations to key municipal economic development officers, the BC Progress Board and other stakeholders. The response was vaguely positive but no commitment to participate or fund was forthcoming (Blain 2005). Further, a significant share of the private sector did not participate. It was remarked by several observers that if the leaders of the key, large companies operating in the region were not present, it is likely that a critical mass of participation could not be obtained (anonymous - private sector - 2005; Carline 2005; Williams 2005, Hunt 2005).

The degree of insulation of ideas between the network and community is high. The top-down interpretation of the mandate and functions of the GVEP suggests that there was not a free flow of policy ideas among members. Carline describes three competing visions for the mandate of the GVEP: one that supported primarily a marketing and business attraction focus; one that promoted the quality of life element to developing the region; and a much smaller one that attempted to ensure that the investment that did occur flowed efficiently through the region in an integrated way that enhanced the multiplier effect (Carline 2005). The GVEP took the first position; that marketing and business attraction were priorities. By the time consultation with stakeholders took place, the actors at the core of the network had already shaped the ideas informing the direction of the GVEP. Thus the network and community around the GVEP are considered a contested subsystem characterised by a considerable distance between the network and community and dominated by one set of ideas about how the initiative should move forward.

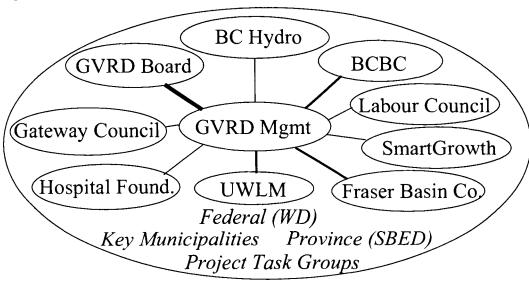
The GVEP's failure was attributed in part to the lack of participation of key stakeholders, and in part to the lack of funding. Viewed from the perspective offered by this model, the limited policy ideas developed by the network were likely sufficient to discourage broader participation and support, and therefore influenced the level of funding. It is not contended here that the network model makes claims as to cause and effect between actors and ideas, but it does suggest that the interplay between them in a contested subsystem such as the GVEP leads to outcomes

that are not sufficiently inclusive of ideas held in the broader community. In this case, several factors external to the network's influence were also at play, including the province's concurrent interest in developing a BC-wide strategy, together with its focus on cost-cutting during the latter days of the initiative.

# 2.3.3 Sustainable Region Initiative

Below in Figure 3 is a representation of the policy subsystem surrounding the SRI.

Figure 3: SRI Network & Community



The SRI is considered a resistant subsystem, and is situated in the upper right quadrant of the matrix. In terms of symmetry, many of the actors engaged in the network surrounding the SRI are drawn from the same elements of the community, and the same mechanisms at work in formulating the LRSP apply to the SRI. Therefore the symmetry between the network and community should be characterised as high. The GVRD board and management have moved apart and are now quite separate entities in the network. This separation reflects that the impetus for the SRI came from GVRD management. It also takes into account that the management has attempted to go beyond the GVRD structure in soliciting partners to move it forward. While some new actors have been engaged in the network via the SRI Partners Committee, it is clear through observing the interactions of the network that the power centre of the network has not sufficiently shifted from the GVRD board to allow this network to be characterised as

asymmetrical. The board has stated very clearly that it does not wish to be responsible for a regional economic development strategy (Hunt 2005; Carline 2005).

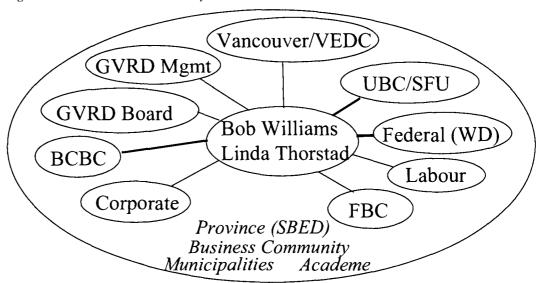
In terms of ideas, the SRI network is not well insulated from its community. While the GVRD management's position at the centre of the network has not fundamentally altered the power structure within which the SRI can progress, it has influenced the development of ideas about how the region should move forward. In 2001, GVRD management brought forward the principle that sustainability must inform all development efforts through the region, be they in the economic, social or environmental spheres. These ideas have been expanded in the SRI Partners Committee and in the task forces that began to consider in more detail ways in which the region should develop.

The SRI network's characterisation as a resistant subsystem predicts that policy change will be likely be restricted to such instrument components as a "rubber stamp" renewal of the LRSP. The introduction of new ideas could also result in change to limited policy ends, such as establishing a sustainability framework. The SRI may yet result in a change to policy ends, as the GVRD is currently undergoing its provincially-mandated review of the LRSP (Weinberg 2004; Carline 2005). Any new planning document will likely be informed by the work accomplished so far by the SRI Partners Committee. It remains to be seen whether the next planning document will result in outcomes significantly different than those expressed in the 1996 LRSP, but the model does leave open the potential for more significant policy change.

## 2.3.4 Economic Leadership Council

Below in Figure 4 is a representation of the policy subsystem surrounding the ELC.

Figure 4: ELC Network & Community



The ELC is considered an open subsystem, and is located in the lower right quadrant of the matrix. It is immediately apparent that the network encompasses a wider range of interests than the three previous networks, although this observation in itself is insufficient to justify its placement in the optimal quadrant for policy change. The degree of symmetry between the network and the community is relatively low. Despite the broader base of actors in the network, it differs from the community in several key respects. The municipalities, which certainly form part of the community, are not presently well represented in the network. Other key elements forming part of the community but not in the network are the province and parts of the corporate sector. Key corporate entities not yet at the table include the utility, transportation and resource sectors. Various interviewees have identified each of these sectors as important stakeholders in any regional economic development strategy. Therefore, there is some distance between the network and its community in terms of actors. As Thorstad notes, the initial council is proceeding with the "willing": those who are immediately interested in participating because they recognize the importance of economic development at a regional level. She acknowledges that among the first objectives is to review the composition of the council and broaden its base along sectoral and geographic lines (Thorstad 2005).

The network around the ELC is not well insulated from its community. Reviewing the interactions of the two, it is apparent that there has been a consultation process through the two forums held in 2004. These forums involved significant opportunities for feedback, including small group participation, informal polling on certain issues, and an eight-question written survey at the November forum. Further, as the network is still in the process of being configured, and ongoing activities and changing membership will likely bring new policy ideas into the network. The "bottom up" approach reflects the openness of the network to new ideas from the policy community.

## 2.3.5 Network Continuum and Policy Outcomes

As the application of Howlett's model suggests, the initiative most likely to succeed in obtaining a regional economic development strategy is the ELC. The other ongoing initiative, the SRI, is too bound in the governance structure of the GVRD to play a significant role in developing an economic strategy. As GVRD board chair Marvin Hunt notes, one of two things will have to change in order for the GVRD board to be willing to implement an economic development strategy: either the process by which decisions are made at the GVRD must change, or the people at the political level have to change (Hunt 2005). While there was some shift between the LRSP and SRI in terms of ideas, and while the centre of the network shifted to GVRD management from the board in terms of interactions and policy development, the authority residing with the GVRD board vis-à-vis other actors in the network has not changed. The governance model of the GVRD restricts its independent ability to engage in regional initiatives while maintaining a truly regional focus. Fundamentally, if policy change with respect to a regional economic development strategy is to be effected within the GVRD framework, then the GVRD must itself change. A directly elected and accountable board represents a significant governance change that would require the political level to "think first for the region" (Howard 2004).

The ELC represents a very open, fluid subsystem, albeit one that is in the process of being formed, and one that is unencumbered by the political, administrative or geographic constraints of the SR1. The two-track strategy of engaging in broad consultation while moving forward with a core network makes the ELC most amenable to significant policy change.

Two observations are made with respect to the explanatory power of the network model and the network formation around regional economic development strategies. First, the model does not perfectly fit the observations in the case of the GVRD and the way in which the SRI has

developed. The position of the board on the periphery of the network is valid with respect to the nature of interactions among members of the network, but does not accurately reflect the position of power that it ultimately holds over the GVRD management and all other actors in implementing a strategy arising out of the SRI process. The separation of the GVRD management from the board in the network may be a result of the exceptional nature of its governance structure.

Second, there is the temptation to attribute causality to the progression of efforts at obtaining a regional economic development strategy. The grouping of the networks tends to suggest two lines of development: within the GVRD structure from the LRSP to the SRI; and without it from the GVEP to the ELC. The model is silent on the role of policy learning over time. However, policy learning may be taking place at some level among the participants, many of whom are common to at least two of the initiatives. While outside the scope of this paper, this element may be explored further elsewhere to assist in understanding the nature of policy change in this context.

Given these observations, a more practical two-dimensional continuum is developed below in Figure 5 to assess the relative positions of each initiative.

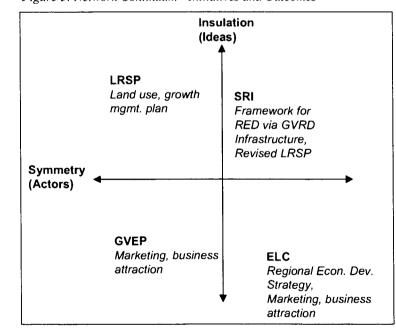


Figure 5: Network Continuum - Initiatives and Outcomes

Source: Adapted from Howlett 2002.

The figure demonstrates the relative position of each initiative with respect to insulation of ideas and symmetry of actors. Adapting the model to a continuum demonstrates that while the ELC is, for now, asymmetrical with respect to actors, it is not strongly insulated from ideas drawn from the community. The consultation undertaken can be a benefit and a drawback: the potential benefit is broader support for the initiative, and the potential drawback is a dilution of ideas acceptable to stakeholders, and a focus on procedures rather than outcomes. This drawback can lead to less significant policy change than a full-fledged regional economic development strategy.

Hence, the figure also shows in italics actual policy outcomes for the LRSP and GVEP, and likely alternative policy outcomes for the SRI and ELC predicted by the model. At its most effective, the SRI can produce a framework for regional economic development by working with the Partners Committee and other initiatives such as the ELC to optimise the infrastructure it controls for a sustainable regional economy. A less effective outcome is that the SRI can inform the next LRSP. With respect to the ELC, at its most effective, it can produce and implement a regional economic development strategy. A less effective outcome of the ELC could be that it simply replaces the GVEP as a marketing and business-attraction entity. As Carline notes, if the ELC only acts in a promotional capacity, it will have fallen short of its potential to form the comprehensive plan that is needed for the region (Carline 2005).

# 3 Edmonton Comparative Analysis

Edmonton was chosen as a comparative jurisdiction for several reasons. It resembles Greater Vancouver's makeup in that 20 municipalities and counties surround a central city, each with its own local government. Like Vancouver, Edmonton remains one of the few multijurisdictional major cities in Canada. Some elements of the Edmonton comparison are not directly applicable. For example, Edmonton does not have any regional coordinating agency for utilities, zoning, or land use strategies like the GVRD. The absence of a GVRD-like structure in Edmonton fails to detract from the applicability of the comparative model. Conversely, this absence enhances the achievement of a regional economic development strategy, as it was obtained despite the lack of a pre-existing regional structure facilitating communication and negotiation among the municipalities.

# 3.1 Background

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Greater Edmonton is made up of 20 municipalities and four counties. It is dominated by the central City of Edmonton. There is no regional governance structure, or infrastructure and utility sharing arrangements similar to the GVRD. Yet in 1992 Edmonton and its surrounding municipalities formed Economic Development Edmonton, later renamed the Edmonton Economic Development Corporation (EEDC)<sup>9</sup>. The EEDC formed out of amalgamating four existing economic development authorities: general economic development, high tech research, tourism, and the convention centre. The EEDC was "designed to bring focus and cohesiveness to the region's economic growth priorities" (EEDC 2004). It is a non-profit corporation wholly owned by the City of Edmonton, and is governed by a fifteen-member volunteer board comprised of local business leaders. The EEDC is responsible for three divisions: economic development, tourism and the conference centre. A key feature of the EEDC is that it seeks to share benefits among all participating municipalities and entities, for the betterment of the whole region.

<sup>&</sup>lt;sup>9</sup> To avoid confusion, the term EEDC will be used throughout.

#### 3.1.1 Establishing the Edmonton Economic Development Corporation

The impetus for forming a regional development entity came from the recognition by Edmonton city council that a number of elements in the region, particularly the business community, felt that the city lacked direction or a coherent strategy. Business leaders felt the region needed to refocus its energies and efforts, and that the community needed to pull together. An independent study of Edmonton's economic development and promotional efforts indicated a clear need for a strategic approach to the region's growth. Arising out of this report, the city formed a steering committee of business, local administration and other local interests, and retained a consulting firm to conduct an assessment and make recommendations (Steering Committee 1992).

According to the consultant's report, two of the most important limitations respecting Greater Edmonton's economic development prospects were fragmented economic leadership and difficulties of coordinating all 20 municipalities. Acting on these findings, the steering committee worked to include business, community and civic elements of the community in its consultation processes. Further, it was guided by the principle that the prosperity resulting from a new economic strategy should benefit the whole community, particularly through long term employment and sustainable development. The committee then adopted the action plan of the report to form a Regional Coordination Initiative to encourage joint action at the regional level to deliver programs to facilitate coordinated, sustainable economic development (Steering Committee 1992).

The steering committee recommended the formation of the EEDC, as it addressed the key limitations noted by the consultant. The committee felt that merging several of the existing organizations would address the fragmentation issue. Further, forming a stand-alone corporation would be more acceptable than another bureaucracy, and would reflect the interests of the public and private sectors (Steering Committee 1992). The EEDC began operations on January 1, 1993.

## 3.1.2 Developing a Regional Strategy

After several years of operation, the EEDC felt that a focused economic strategy should be developed that included a clear analysis of Greater Edmonton's strengths, weaknesses, and sources of opportunity for regional growth. The EEDC secured a consultant to facilitate the development of a strategy, and it began its work in spring 2000. After a nine-month process involving consultation with 1,200 stakeholders, the *Greater Edmonton Competitiveness Strategy: Blueprint for a Next Generation Economy* was released in December 2000 (EEDC 2000).

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The consultant retained to conduct the strategy development, ICF, employed a "structured, collaborative process" to build ownership and participation in the strategy. It set out four principles that characterise successful regional economies: thinking regionally, focusing on clusters, building sources of economic advantage, and doing this through increased collaboration (EEDC 2000, iii). These principles guided a four-phase consultation process that achieved the *Competitiveness Strategy* focusing on action plans for eight industrial clusters and eight flagship initiatives impacting the overall regional economy. The four phases were: 1) Mobilization, II) Diagnosis, III) Collaborative Strategy, and IV) Plan and Start Implementation (EEDC 2000, 6).

Phase I – Mobilization involved conducting interviews with local, metropolitan, broader regional, provincial and federal representatives with an economic interest in Greater Edmonton to obtain an understanding of the general issues enabling or inhibiting a shared view of the region's challenges and opportunities (EEDC 2000, 7). Subsequently the process broadened to holding five briefing workshops to engage and prepare leaders for the collaborative strategy process. These early building blocks of cooperation served as the foundation for the remainder of the diagnosis, collaborative strategy development and planning and implementation phases of the initiative.

Phase II - Diagnosis was conducted largely by the consultants, and engaged in methods including cluster analysis, a company survey and case studies (EEDC 2000, 7). As the *Strategy* notes, the diagnosis forms the basis for benchmarking the region's economic development going forward. "Our region needs to know how well we are ensuring the prosperity of citizens, reducing disparity, and enhancing sustainability of our economy" (EEDC 2000, 7). The diagnosis involved reviewing economic performance to date, assessing cluster structure and competitive position, mapping technology competency, and determining economic foundation capacity. In addition to establishing benchmarks, the diagnosis phase served to assist participants in identifying challenges they share and on which they are prepared to work together to obtain solutions (EEDC 2000, 8).

Phase III - Collaborative Strategy involved the participants defining the cluster and flagship initiatives. These formed the core of the *Strategy*. As the report notes, "The truth of regional competitiveness strategy is that it can only be as good as the actions taken by the participants. No amount of well thought out reports will automatically cause the behaviour of businesses and institutions to change so that they become more competitive" (EEDC 2000, 9). It also notes that the key to success of the *Strategy* will be that it was shaped by local stakeholders who recognized the value of collaboration. The collaboration in this phase involved three rounds

of cluster working groups. These identified their priority challenges, developed and prioritised potential action initiatives and finalised action business plans for the future of each cluster (EEDC 2000, 9).

Phase IV – Implementation. This phase developed flagship initiatives that were found through the collaborative strategy process to influence the overall regional economy. Further, it established a structure of stewards, advisory boards and cluster co-chairs to oversee implementation, and to monitor progress against the benchmarks set out in the *Strategy*. Stakeholders determined that the EEDC has the mandate and structure to serve as the catalyst to implement the strategy. The EEDC in turn recognized the need for it to continue to evolve its internal capacity to sustain regional collaboration. The guiding philosophy for the continuous improvement process built in to the *Strategy* "is to always focus on the regional economy as 'the customer'. By doing this all communities will benefit." (EEDC 2000, 116).

In 2004 the EEDC was responsible for an operating budget of \$18.5 million, funded 45 percent by the City of Edmonton and 55 percent by external public and private sector sources (EEDC 2004). It is clearly run along three divisions, responsible for economic development, tourism, and conference facilities. An additional administrative division includes executive, communication, human resources, information technology, and finance functions (EEDC 2003). The economic development division is itself responsible for business attraction, including a website and other marketing tools; business retention, including a company visitation program; and industry and cluster development, including serving as broker and network facilitator for Greater Edmonton's industry participants (EEDC 2005a).

This brief review of the process by which Greater Edmonton obtained its regional economic development strategy forms the basis for the comparative model used to draw helpful parallels to Greater Vancouver.

# 3.2 Comparative Model

The general outlines of the consultation process and elements of Greater Edmonton's strategy are compared and contrasted with the two ongoing Greater Vancouver initiatives in order to establish the essential elements that characterise successful implementation of a regional economic development strategy. Application of this model provides insights into the

<sup>&</sup>lt;sup>10</sup> The City of Edmonton's share of EEDC's 2004 budget represents approximately 0.5% of the City's \$1.4 billion budget in 2003.

establishment of a successful regional economic development strategy and the development of the consultation surrounding it, and provides some lessons for the Greater Vancouver experience.

The comparative model is applied in two contexts. Given that there are currently two initiatives in Greater Vancouver around a regional economic development strategy, the SRI and the ELC, the model will be applied to each. The comparative table is produced at the back of this paper as Appendix D.

# 3.3 Analysis and Implications

Prior to the formation of the EEDC, Edmonton was characterised by fragmented economic leadership and difficulties coordinating activities among the municipalities of the Greater Edmonton region. Several commentators have observed that a comparable state of affairs continues to exist in Greater Vancouver. The municipalities prefer to retain control of their own economic development strategies (Hunt 2005), and the region is characterised as the "biggest political sandbox in the country" (Howard 2004) due to the myriad authorities responsible for critical areas such as infrastructure, transportation, strategic planning and business development.

An important element that distinguishes Edmonton from Vancouver is its growth model. The regional growth centres mandated in the Liveable Region Plan of 1975 and extended in the LRSP have resulted in multiple power centres around Greater Vancouver, as opposed to the city of Vancouver representing the urban centre of the region. Greater Edmonton, by contrast, is dominated by the city of Edmonton, and the surrounding municipalities have comparatively little power, but a range of valid interests and development goals. Therefore, the EEDC does not likely offer the most appropriate model for establishing a regional economic development authority: Vancouver's surrounding municipalities simply would not become involved in an agency that is primarily funded by and answers to the City of Vancouver.

This observation is extended to a direct comparison between the EEDC and the SRI. The member municipalities of the GVRD, through their voices on the board, have clearly stated that they do not want to cede responsibility for economic development to the GVRD, even though the SRI attempts to make outward linkages to key sectors of the community via the Partners Committee. When compared to the approach taken by the ELC, it becomes clear that an initiative that is not under obligation to the municipal level of government or associated with the GVRD will likely have a better chance of success. Thus the lesson from Edmonton, when filtered through the realities of Greater Vancouver's municipal structure, is to move away from a city-centred strategy to one that avoids the complications of municipal control or ownership.

Other elements of the Edmonton experience may be constructively applied to Vancouver. Among these is the composition of the board of the EEDC. In this context, the Edmonton experience is best applied to the ELC. The EEDC board is made up entirely of business leaders. It is generally acknowledged by participations and observers of the ELC that there should be some public sector representation, but that the more complete composition of an "executive council" should have stronger representation from the private sector. Further, the size of the EEDC board is in the range that participants in the ELC feel will be effective in moving the strategy forward, avoiding the danger of a larger board that becomes caught up in procedural issues.

One of the most critical success factors in the Edmonton experience is the extent of consultation undertaken. This intensive process appears to have been worthwhile, as all of the stakeholders who wished to be part of the process were at the table, and the resulting strategy addresses a broad range of issues important to the Greater Edmonton economy, and has significant support from all aspects of the community. While the SRI engaged in a range stakeholder and public consultations in 2001 and 2002, the momentum lost after the municipal elections has set back the effectiveness of the Partners Committee and task forces in moving forward with detailed principles and priorities. And as Carline notes, when engaging in economic planning, it is always a moving target. The economic priorities expressed through consultations in 2001-2 may no longer be valid in 2005 and beyond (Carline 2005).

The EEDC consultation process may serve as an appropriate model to the ELC, as it demonstrates the necessary hard work that goes into developing a credible, broad-based strategy. If the ELC is to succeed through being a bottom-up organization, it should also maintain the momentum for participation it has established through the two forums in 2004. One private sector observer has expressed disappointment at not being kept informed as to "what's next" (anonymous 2005).

The ELC can also learn from the timeline of development of the EEDC and its Competitiveness Strategy, in two contexts. First, as the Strategy notes, the Greater Edmonton region had already been enjoying a period of robust economic activity, with many indicators demonstrating Edmonton's competitive or leading position in the country. "Then why is this competitiveness strategy so essential? Success cannot be taken for granted ... Because of the strength of our economy today, Greater Edmonton is poised to successfully achieve this transition [to a next-generation economy]" (EEDC 2000, v). The competitiveness initiative took advantage of an optimistic business climate, and the increased willingness to collaborate to achieve the

strategy. Second, as the *Strategy* notes, "No regional competitiveness strategy has succeeded that does not have an organization dedicated to sustaining and maintaining the strategy's collaborative activities..." (EEDC 2000, 10). While the ELC should capitalize on the current "willing" climate surrounding regional economic development, it must be certain to build capacity to facilitate and maintain a strategy before it attempts to build a strategy.

Further, the structure of operations of the EEDC provides a potential model for the ELC. The ELC may not be at this detailed stage of development for some time, but the EEDC serves as an organizational model for core economic development functions such as business attraction and retention, industrial sites, cluster development and venture capital opportunities. It also demonstrates the possibilities of linkages to Greater Vancouver's lucrative tourism and convention industries.

Lastly, specific elements of the *Competitiveness Strategy* may be applied to Greater Vancouver. First, the philosophy of treating the regional economy as "the customer" is critical to developing the culture of regional thinking and leadership that breed success in formulating an economic development strategy. This approach can assist in beginning to develop a regional consciousness for Greater Vancouver. Second, the strategy employed mechanisms at various stages of the process to bring related stakeholders together to identify challenges and work toward viable solutions rather than simply creating wish lists without regard to other elements of the community. Given the range of interests in Greater Vancouver, utilising these mechanisms to draw together stakeholders who interact in a common sector of the economy but who have divergent or opposing interests should help foster a culture of collaboration.

# 4 Conclusion and Recommendations

This paper reviews four regional development initiatives via a policy networks analysis model, and suggests that the ELC is the network best configured to achieve significant policy change in the Greater Vancouver context. The Edmonton comparative helps illuminate some of the practices and structures that have proven useful for achieving a regional economic development strategy in a multi-jurisdictional setting.

#### 4.1 The Public Sector Role

One of the most striking results of the network analysis is that the province of British Columbia is not a part of the network in either the ELC or the SRI. As the level of government directly responsible for municipal and local governments, the regional district structure, and the region that continues to represent the economic driver of the entire province, it is remarkable that it has not taken an active role in regional economic development for Greater Vancouver. Provincial involvement may be effected either through the Ministry of Small Business and Economic Development (MSBED) or through the Ministry of Community, Aboriginal and Women's Services (MCAWS). The current Liberal government has engaged in some facilitation of general economic development through tax reductions and streamlining of regulations, but as Carline notes, this can be done in any jurisdiction at any time, and does not make the Greater Vancouver region uniquely more competitive (Carline 2005). On the other hand, it is evident that the federal government, through Western Economic Diversification (WD) has been involved in the ELC, and may yet provide some support for aspects of the SRI. In general, it has been very supportive of regional development initiatives (Thorstad 2005).

Given the fractured regional environment and the lack of a regional authority either to compel compliance or make credible commitments to the municipalities as to the potential shared benefits of a regional strategy, it would be easy to conclude that the province should be at the table in the current initiatives. However, several factors should be considered. First, the May 2005 provincial election is approaching, and some participants feel this will represent a distracting factor for the province until at least the fall of 2005 (Williams 2005; Thorstad 2005).

The impetus for continued development of the ELC suggests that it will need to look elsewhere for funding.

Second, the presence of the province may introduce an element of control that is unwelcome by some current or potential participants. The network model suggests that some distance between the network and the community is beneficial to obtaining significant policy change. These conditions have been met by the ELC as it is presently configured. The MSBED has been kept informed of the ELC's progress, and staff have been invited to the two 2004 forums. A formal invitation to join the ELC has not yet been made, as the ELC is principally a regional initiative. In general, participants feel there is a potential role for the province over time, and that all stakeholders who should be at the table will be (Thorstad 2005; Williams 2005). Further, the presence of the province, depending on its role, may adversely influence the participation of municipalities, which is a priority of the ELC. Thus it is not clear that the ELC should solicit the direct involvement of the province at this stage in its development.

However, the initiative will require a significant, stable source of funding to allow it to develop its structure, hire a CEO, manager(s) and staff, and begin to undertake its mandate. Williams has observed that the federal political configuration with respect to BC is unprecedented: a minority Liberal government with ministers in three key portfolios from BC. While WD has proven supportive of the ELC, Williams among others feels that support from the political level is important, and that the role of the public sector is to provide initial support to ensure the success of the initiative (Williams 2005; Blain 2005). The demonstration of a commitment by senior levels of government will help break the "chicken and egg" funding deadlock noted in Section 2, and will facilitate some early concrete results of the initiative, which will help raise its profile and encourage the "buy-in" of the private sector and key municipalities.

In a recent development, Vancouver Mayor Larry Campbell, a key member of the Economic Leadership Council, met with Industry Canada Minister David Emerson in mid-March to solicit financial support for the ELC. The present federal political configuration, together with the current provincial situation suggests that the federal level of government is the most appropriate source of preliminary funding for the ELC.

# 4.2 Best Practices

As a result of the investigations conducted throughout this paper, several elements of best practice have emerged, which appear to be essential to the successful implementation of regional economic development strategies. If a regional level strategy is determined to be the optimal

policy outcome for Greater Vancouver, these best practices may inform the development of a strategy. Four elements of best practice are identified below, with recommended courses of action for the ELC.

#### 4.2.1 Effectiveness

In order to succeed, the initiative must be, and perceived to be, effective. In other words, a regional economic development strategy should add value to the region, and the benefits should be tangible and widely dispersed. The ELC should not become enmeshed in procedural concerns or be so inclusive that its mandate becomes watered down. Some key participants recognize this danger, and caution that it must differentiate itself from, for example, the GVRD model that by definition must go at the speed of the slowest. The ELC should maintain its momentum and move forward with the "willing" (Thorstad 2005; anonymous – private sector – 2005).

Effectiveness also refers to the extent of the mandate of the organization. Several participants and observers have noted that there should be a marketing element to the ELC, but that it will have fallen short of its potential, and participants' expectations, if it does not also engage in research and analysis, and ultimately formulate a development strategy. This strategy should take account of key factors such as transportation and infrastructure, and establish cluster and sector priorities. The experience of Edmonton is applicable in this context: if the ELC does not have the internal capacity to engage in such an assessment itself, an independent consulting firm may be engaged to conduct the analysis and identify areas of action. Through this process, broadly based recommendations for strategy development that take in the views of key stakeholders will likely find more support when the time comes to implement a strategy.

#### 4.2.2 Funding

Funding is, of course, critical to the success of the initiative. Most observers and participants feel that the Greater Vancouver approach should encompass a balance of private and public sector funding. This paper has already engaged in some discussion of how sufficient funding might be accomplished. However, an important question remains: how much funding is sufficient? To begin to address this issue, it is useful to turn again to Table 1 where the overall budgets and per capita spending for proximate competitors to Greater Vancouver are outlined. As Del Bianco notes in his study of ten North American cities, the average budget is \$12.9 million, and the per capita amount is \$6.08. Hutton and the ELC steering committee recommend that a budget of \$2.5 million per year over the course of a five-year business plan be allocated

(Hutton 2004). Even if the ELC attempted to match the budget of the smallest competitor city in Table 1, Calgary, on a per capita basis of \$2.06, approximately \$4.1 million could be allocated based on the GVRD population. And as Williams notes, the ELC has received expressions of interest from Squamish, including a proposed per capita allocation that it is prepared to commit, and he hopes to include the Fraser Valley as part of the Council's area (Williams 2005). If a budget of \$10 to \$12 million represents the "critical mass" as the steering committee suggests, then based on the GVRD's population, the per capita amount would have to approach the North American average of \$6.00 in order to meet that commitment.

The public sector should take the lead in providing preliminary funding to the ELC. The private sector's wait-and-see approach is justifiable in part given corporations' first obligations to their own shareholders, and in part given the poor outcome of past regional economic development efforts. If the senior levels of government, particularly federal, provided a significant funding commitment it would signal the importance it attaches to the initiative, thereby providing justification for the private sector to step forward. Ultimately a balance should be achieved between public and private sector funding for the initiative.

#### 4.2.3 Consultation and Participation

The Edmonton experience shows that broad stakeholder consultation is essential to developing a successful strategy. As Goldberg notes, "Broad public input and an open process are essential to ensure that diverse alternatives have been considered and that the region's residents feel included in the chosen strategy, and are committed to its forceful implementation" (Goldberg 2003, 8). Further, it is a matter of general agreement by participants and observers that the ELC must reach out to the municipalities in order to obtain the broad base of support it will need to succeed. This does not mean that all will choose to participate immediately, but the ELC should be inclusive in its approach (Tupper 2005). Further, as one private sector observer notes, it is critical that the benefits of a regional strategy are clearly communicated to the municipalities (anonymous 2005). Past efforts at economic development, the GVEP in particular, did not provide sufficient evidence of the benefits of a plan to the entire region, and as a result, did not achieve the level of support required for success. In order to avoid the zero sum game of municipal competition for economic development resources, a regional initiative should demonstrate that it is truly regional, and that the benefits are concrete and can accrue to all.

The consultation process engaged in by the ELC to date is helpful but not sufficient to achieve participation from all relevant stakeholders. The ELC should bear in mind that ongoing

consultation with levels of government and elements of the private sector will be necessary to broaden its base of participation, and to build in broad ownership of any development strategy that is arrived at. Key private sector elements that should be integrated into development of a strategy are the transportation and infrastructure sectors, and representatives of those priority sectors that can capitalise on the region's current advantages. These should include universities and other education institutions, as well as sectors such as information technology and biotech (Tupper 2005; Carline 2005). The region's traditional resource industries should not be forgotten: the forestry and mining sectors, as well as the utilities should also be included not only in the consultation process, but also at the highest levels in representation on the Council.

Efforts should also be made to extend linkages to other organizations engaged in broadly similar efforts to determine where complementary programs or sources of information might lie. These efforts will avoid duplication, and will build the ELC's network of resources. A possible example of these linkages lies with the GVRD as it is responsible for a wide range of infrastructure and services, as well as being a significant source of regional data. Another example is Leading Edge BC, a public-private partnership that promotes BC's high tech clusters to the world.

## 4.2.4 Leadership

The preceding section on consultation helps to inform this section on leadership. Observers and participants of various regional economic development efforts have noted that two intangible elements have consistently been missing from past efforts: a culture of regional thinking, and evidence of leadership (various interviewees 2005; Goldberg 2003). The term "leadership" in this context applies equally to the public and private sectors, as well as academe. It encourages thinking and action that will move a development strategy forward by taking advantage of the ELC's freedom from existing and limiting structures. Thus, while the development of a strategy should rely heavily on consultation, the ELC should represent a "first mover" in the region, to begin to develop a culture of regional thinking, and evidence of concrete benefits to participating in such a strategy.

As the *Greater Edmonton Competitiveness Strategy* observed, two of the four key principles that have been identified as critical to the success of regional economic development strategies are thinking regionally and collaborating to build sources of economic advantage (EEDC 2000, 115). The challenge for the ELC in this regard is to build these principles into its business plan and economic development strategy. The hallmark of a successful strategy will be

that leadership qualities are exhibited through the process of its development and implementation, and that broad consultation will encourage a range of interests to be fully considered such that the benefits are broadly distributed throughout the community.

# 4.3 Challenges and Opportunities

Despite the promise for success represented by the ELC, there are significant challenges to implementing any regional development strategy in Greater Vancouver. Some of the most significant challenges relate to the unique nature of the region, and are not well addressed by either model. And while all interviewees for this paper feel that there is a need for a regional economic development strategy, the average rating they give for the prospects for success of the ELC is only 5.5 on a scale of one to ten.<sup>11</sup> Three general lines of reasoning are presented. Two of these comprise the challenges interviewees see beyond those identified in the models in effecting a regional development strategy. The other represents a window of opportunity perceived by some participants and observers.

#### 4.3.1 Municipal Interests

Throughout the course of interviewing for this paper, numerous interviewees cited municipal interests and politics as barriers to a regional level strategy. Examples were provided of rivalry and competition among, particularly, Vancouver, Surrey, Burnaby, and Richmond, for working to attract new business at the expense of one another, and for holding political positions that conflict with one another or with the GVRD. The current state of municipal relationships in the GVRD has been described as "acrimonious" (anonymous 2005). However, these four municipalities in particular have been cited as essential to the success of any regional strategy (anonymous 2005). The uneven distribution of power among these large, influential municipalities and their smaller peers make regional cooperation and planning in any sphere problematic. Most municipalities in the GVRD have their own economic development entities and are implementing their own strategies, based on their perception of their competitive advantage over one another. The "zero-sum" game noted by Carline seems to be entrenched in Greater Vancouver municipal politics. Meanwhile the regional entity is powerless to control and compel municipalities to support initiatives in the broad interests of the region. What these interests even consist of is still a matter for debate, depending on the hat worn by the official.

<sup>&</sup>lt;sup>11</sup> The public and private officials interviewed displayed no bias as to their level of confidence: the average within each group is also between five and six.

While the Edmonton comparator gets closer to responding to this concern than does the network model, the real answer for successfully developing a regional economic strategy must incorporate a home-grown solution that takes account of the multiple power centres that have developed around Greater Vancouver.

If the ELC is to succeed, it must be able to clearly demonstrate and communicate that the benefits can accrue to the region as a whole, and that they will be broadly distributed among the municipalities. Further, in order to avoid the mistrust that has built up in the municipalities of the regional structure, the ELC should continue to exist outside the formal governance structures in the region.

#### 4.3.2 Quality of Life

Another challenge to the successful development of a strategy for Greater Vancouver is the ongoing argument that the region continues to attract new business and residents without a strategy due to its high quality of life. Many of the tangible and intangible benefits to living in Greater Vancouver continue to appeal to those from other parts of Canada and the world, and Vancouver continues its high ranking in quality of life surveys. The ongoing strong inmigration patterns help support the argument that Greater Vancouver must still be doing something right: skilled workers and businesspeople continue to view the region as an attractive place to locate. This argument supports the related contention that Greater Vancouver does not need an economic development strategy, as the region continues to do well without one. Those inclined to this view tend to favour a "do-nothing" approach with respect to regional economic development.

However, the immigration statistics may also be used to support the argument that a strategy is important: can the region do even better with an economic strategy that maximises new businesses' expertise and new workers' skills and training and distributes the benefits throughout the regional economy?

<sup>&</sup>lt;sup>12</sup> Greater Vancouver's ongoing desirability as a site of international in-migration is supplied through the following statistics: British Columbia accepted approximately 34,000 international immigrants in 2002. 88% landed in Vancouver. Almost two-thirds (62%) were classified in the Economic category (skilled workers and businesspeople), and just less than half (44%) had a university education (BCBC 2004). Many remain in the Greater Vancouver region in part because it is home to 75% of the jobs in the province (Hallin 2001), and in part to be with family or community members.

Vancouver ranks 3<sup>rd</sup> overall for quality of life in Mercer Human Resources Consulting's 2005 survey of cities worldwide. The study used 39 indicators including political, social, economic, environmental, personal safety, security, health, education, transport and public services (Mercer 2005).

In the view of some observers and participants, the quality of life argument is no longer sufficient to ignore the hard work of developing a strategy for the region. As Hutton states, "If we are to compete in the modern global economy, we simply must have more systemic interaction between business, government and the local community" (Hutton 2004). This argument hinges in part on the acknowledgement that while the region may now be doing well, it could likely be doing better, particularly in an increasingly competitive North American and global environment. Thus the ELC's strategy development should address the view that the region is already doing well by including a compelling case that regional thinking and planning are essential. This case should be developed from data and projections generated by research, and should also take up elements of the section on leadership above.

#### 4.3.3 Timing

One of the most intangible elements surrounding the economic development initiatives for Greater Vancouver is the timing of their development. This is an element that the network model is unable to predict. In this case, there appears to be a window of opportunity for developing a regional strategy. As Laglagaron and Tupper among others note, there is a feeling of optimism and willingness to participate present in 2004 and 2005 that was not there four or five years ago. The indicators of support from the survey conducted at the February 2004 Economic Leadership Forum bear out their view. Those participants and observers who commented on the timing issue felt that it was more likely that a strategy could be obtained in a climate of returning optimism over the general economic state of the province and region than during a period of economic downturn (various interviewees 2005). According to one observer, the "bunker" mentality sets in during poor economic times, and each municipality tends to look out only for itself (anonymous 2005). A further consideration mentioned by several interviewees is that the upcoming Winter 2010 Olympics offers a one-time opportunity for the region as a whole to capitalise on the world's attention and sustain the benefits that the event will bring (Laglagaron 2005, Cameron 2005).

Therefore, if the development of a strategy is important to the region, there should be a climate of urgency to the pace of development of the ELC in order to take advantage of the goodwill that presently exists among private and public sector officials. Laglagaron is optimistic for the success of the ELC, and states "there is the right mixture of frustration and hope" that it will get done this time, and an eagerness to move forward quickly (Laglagaron 2005). Others feel

that the private sector needs to be engaged quickly to maintain the momentum that has been built over the two Forums.

In summary, the recommendations flowing from the concluding remarks include the following:

#### 1. Effectiveness.

The ELC should move forward with the "willing".

If the ELC does not have the internal capacity to engage in a SWOT (Strengths, Weaknesses, Opportunities and Threats) assessment of the region, an independent consulting firm may be engaged to conduct the analysis and identify areas of action.

#### 2. Funding.

If a budget of \$10 to \$12 million represents the "critical mass" as the steering committee suggests, then based on the GVRD's population, the per capita amount would have to approach the North American average of \$6.00 in order to meet that commitment.

The public sector should take the lead in providing this funding, although similar to Edmonton, a balance of public and private sector funding should be obtained.

## 3. Consultation/Participation.

It is critical that the benefits of a regional strategy are clearly communicated to all stakeholders.

Ongoing consultation with levels of government and elements of the private sector will be necessary to broaden the base of participation, and to build in broad ownership of any development strategy that is arrived at.

#### 4. Leadership.

The hallmark of a successful strategy will be that leadership qualities are exhibited through the process of its development and implementation, and that broad consultation will encourage a range of interests to be fully considered such that the benefits are broadly distributed throughout the community.

## 5. Municipal Interests.

The real answer for successfully developing a regional economic strategy must incorporate a home-grown solution that takes account of the multiple power centres that have developed around Greater Vancouver.

#### 6. Quality of Life.

Efforts to develop a regional economic strategy should include a compelling case that regional thinking and planning for the future are essential. This case should be developed from data and projections generated by research, and should also take up leadership elements.

#### 7. Timing.

There should be a climate of urgency to the pace of development of the ELC in order to take advantage of the goodwill among private and public sector officials and seize the window of opportunity.

\* \* \*

# **Appendices**

# Appendix A - Interview Questions for Public Officials

## General GVRD

- 1. Should economic development strategy be undertaken at the regional level for Greater Vancouver? If so/not, why?
- 2. What should be the GVRD's role in a regional economic development strategy?

## Current Initiative(s)

- 3. Do you feel the ELC has the right balance of members for it to succeed? If not, who should be involved?
- 4. How successful do you feel the ELC initiative will be in facilitating an economic development strategy for the region? (1-10) Please give reasons for your rating.
- 5. What, if any, additional commitment/participation should be made by the private sector for the initiative to succeed (and at what level)?

# Appendix B - Interview Questions for Private Sector Representatives

#### **General Regional Development**

- 1. Do you think there is a need for an economic development strategy at the regional level for Greater Vancouver?
- 2. Should it be undertaken by the GVRD or through some other institutional arrangement? Why?
- 3. (IF aware) How useful do you feel the SRI will be in establishing a framework for regional economic development in Greater Vancouver

#### Greater Vancouver Economic Partnership (if aware)

- 4. What was the nature and mandate of the Greater Vancouver Economic Partnership?
- 5. Who was involved?
- 6. Why do you think it failed?

#### **Economic Leadership Council**

- 7. How successful do you feel the current Economic Leadership Council initiative will be in facilitating an economic development strategy at the regional level? (1-10) Please give reasons for your rating.
- 8. Do you feel the ELC has the right balance of members for it to succeed? If not, who should be involved?
- 9. What, if any, additional commitment/participation should be made by the public sector for the initiative to succeed (and at what level)?

# Appendix C - Network Membership Lists

(Names/organizations appearing in bold are members of multiple networks)

## A. Liveable Region Strategic Plan

## **LRSP Network**

GVRD Board – includes Chair Greg Halsey-Brandt

#### **GVRD** Management

- Ben Marr, Chief Administrative Officer
- Ken Cameron, Manager of Strategic Planning
- Delia Laglagaron, strategic planning support

#### **GVRD** Committees

- Finance
- Strategic Planning (Chair Bob Bose, then John Northey)
- Intergovernmental

# Key Mayors/Councillors

- Richmond Greg Halsey-Brandt
- Surrey Bob Bose
- Vancouver George Puil
- Coquitlam Lou Sekora

## Province (Ministry of Municipal Affairs)

- Minister Darlene Marzari
- Minister Mike Farnworth

# **LRSP Community**

# Municipalities

Langley Township	Port Moody
Lions Bay	Richmond
Maple Ridge	Surrey
New Westminster	Vancouver
North Vancouver City	West Vancouver
North Vancouver District	White Rock
	Lions Bay Maple Ridge New Westminster North Vancouver City

Electoral Area A (UBC) Pitt Meadows
Langley City Port Coquitlam

#### **Business Community**

- Greater Vancouver Gateway Council
- Business Council of BC
- small and medium size enterprises
- large corporate leaders from sectors discussed in the body of the paper

#### Academe

- SFU -Warren Gill
- SFU Patrick Smith
- UBC Alan Artibise
- both universities at administrative and government relations level and within regional and urban governance and planning programs

#### B. Greater Vancouver Economic Partnership

#### **GVEP Network (2000 Board of Directors)**

Larry Blain Allan Skidmore

(RBC) (TCG International Inc.)

Don Calder Johnny Carline

(Vancouver 2010 Bid Corp) (GVRD Management)
Graham Clarke Ken Dobell

Graham Clarke
(Clarke Group of Cos)

Bruce Drake

Ken Dobell
(TransLink)

Jock Finlayson

(Industry Canada) (BC Business Council)

Brent Sauder Shawn Thomas (BC Advanced Systems Inst.) (BC Hydro)

John Winter Barbara Crompton

(BC Chamber of Commerce) (Vancouver Economic Development Commission)

Linda Thorstad Glenn Wright

(VEDC) (Province – Employment & Investment)

#### **GVEP Community**

#### **Business Community**

- small and medium size enterprises
- large corporate leaders from sectors discussed in the body of the paper

#### **BC** Progress Board

Key Municipalities (Vancouver, Richmond, Surrey, Burnaby, Coquitlam)

#### C. Sustainable Region Initiative

## **SRI Network (2005 Partners Committee)**

Johnny Carline
(GVRD Chief Admin. Officer)
Kevin McNaney
(SmarthGrowth BC)
Pat Jacobsen
(TransLink/GVTA)
Jock Finlayson
Marvin Hunt
(GVRD Board Chair)
Delia Laglagaron
(GVRD Manager)
David Marshall
(Fraser Basin Council)
Michael McKnight

(BC Business Council) (United Way Lower Mainland)

Ken Peacock Bill Saunders

(BC Business Council) (Vancouver & District Labour Council)

Natalie Meixner Bruce Sampson (UBC & VGH Foundation) (BC Hydro)

Bob Wilds Peter Holt

(Greater Vancouver (Surrey Chamber of Commerce)

Gateway Council)

#### **SRI Community**

Key Municipalities (Vancouver, Richmond, Surrey, Burnaby, Coquitlam)
Province (Small Business and Economic Development – Minister John Les)

Federal (Western Economic Diversification - Assistant Deputy Minister Ardath Paxton Mann)

Economic, Social and Environmental Task Groups

#### D. Economic Leadership Council

# **ELC Network (2005 Initial Council Members)**

Michael Audain
(Polygon Homes)

Jeff Bacha
(Inimex Pharmaceuticals)

Bruce Clayman
(Great Northern Way Campus)

Warren Gill

Marvin Hunt
(GVRD Board)

Delia Laglagaron
(GVRD Management)

David Marshall
(Fraser Basin Council)

Ardath Paxton Mann

(SFU) (WD Canada)
Colin Heartwell Jim Sinclair

(Canadian Manuf. & Exporters) (BC Fed of Labour)

Linda ThorstadLillian To(Leading Edge BC)(SUCCESS)Bob WilliamsLarry Campbell(VanCity Capital)(City of Vancouver)

Ken Peacock Tom Hutton (BCBC) (UBC)

# **ELC Community**

Province (Small Business and Economic Development – Minister John Les)

# **Business Community**

- small and medium size enterprises
- large corporate leaders from sectors discussed in the body of the paper

## Municipalities

- all listed under LRSP, plus
- Squamish, Abbotsford, Chilliwack and Hope

## Academe

• UBC, SFU, Great Northern Way (all three universities at administrative and government relations level and within regional and urban planning programs)

# **Appendix D - Edmonton Comparative Table**

0	O
GREATER EDMONTON	GREATER VANCOUVER
General Environment (pre EEDC)	General Environment (today)
20 municipalities+ 4 counties	21 municipalities + 1 electoral area
No regional governance structure, managed infrastructure or utility sharing	No regional governance structure
4 city authorities over economic development, high tech research, tourism and convention centre	GVRD for managed infrastructure and utility sharing, air quality and parks
Edmonton - dominant city centre	Multiple regional growth centres (via LRP 1975 & LRSP 1996)
Fragmented economic leadership	Fragmented economic leadership
Difficulties in coordinating 20 municipalities	Difficulties in coordinating 21 municipalities
EEDC	SRI
Steering committee took consultative approach with broad range of stakeholders	4 member founding partners committee began consultative approach
Committee acted on consultant's recommended action steps to coordinate regional development	GVRD management promoted sustainability principles in 3 spheres as vision for region
Formed EDE/EEDC in 1992	Founded SRI in 2001
•non profit corporation owned by City of Edmonton	•no clear ownership/governance structure
•15 member volunteer board drawn from business leaders	•makes recommendations to 36 member GVRD board
•1,200 stakeholder consultation process to develop Greater Edmonton Competitiveness Strategy in 2000	<ul> <li>3 stakeholder and public forums on economic, social &amp; environmental aspects of sustainability, municipal consultation</li> </ul>
•3 core divisions: economic development, tourism & conference centre	•no clear outcomes
EEDC	ELC
•n/p corporation owned by city, 45% public funding from City of Edmonton	•private/public funding (proportions not fixed)
•15 member volunteer board comprised of	•proposed 12-15 member exec council
business leaders	30 member advisory board, high profile private sector CEO
•1,200 stakeholder consultation process	•2 forums (approx 300 attendance), ongoing efforts
•3 core divisions (tourism, econ dev, conference centre)	<ul> <li>mandate not set (likely business attraction, cluster development, &amp; strategic planning)</li> </ul>

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  Interviewed in his capacity as founding participant of Economic Leadership Council.

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