

A grayscale photograph of modern, multi-story apartment buildings with balconies and glass facades, set against a clear sky. The buildings are arranged in a row, receding into the distance.

## EXECUTIVE SUMMARY

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# Local government co-ordination: metropolitan governance in twenty-first century Australia

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# Executive summary

## Key points

- Continuing growth of, and interdependencies within, Australia's metropolitan city-regions increase the need for efficient coordination and effective metropolitan governance structures.
- Metropolitan governance structures vary greatly between Australian states, and consequently there are different levels of local government engagement with strategic policy and action.
- Australia can gain insights from international examples about possible models for local government coordination and metropolitan governance, and vice versa.
- State governments are the dominant actors for urban planning and transport infrastructure and, consequently, also often the driving force for metropolitan strategy-making and coordination at this scale.
- Local governments have no constitutional powers, but still hold an important role in metropolitan strategy-making and policy coordination.
- Recent planning and infrastructure reforms in Australian states indicate a trend towards further centralisation at state level, with (planning) powers of local government being weakened for both policy-making and in development assessment.
- Such trends are being exacerbated by local government reform, pursued in the interest of increased efficiency but often resulting in reduced local control.
- The trends of centralisation and weakening of local government powers raise questions about subsidiarity (taking decisions as close to the citizens as possible), democracy and legitimacy.

- **Nonetheless, there are numerous examples of informal and bottom-up strategic coordination of local government. This often occurs on a sub-regional level within metropolitan regions, and has two objectives: advocacy, and coordination of specific issues (including major projects).**
- **Although often informal or ad hoc, existing experiments in local government can offer examples of how to strengthen and improve government coordination on a metropolitan level.**
- **There is an increasing role for a policy framework for metropolitan regions and that better supports multi-level governance and coordination, including the role of local government authorities.**

## Key findings

Within Australia's three-tier federal government system, the planning and management of metropolitan complexity (including at what scale, how, by whom, and with what resources), is a contested agenda. Urban development and growth in Australia does not adhere with local or state government administrative boundaries, particularly in relation to complex issues such as climate change, urban habitat, transport infrastructure, water and waste management and energy transitions. The interconnected nature and increasing complexity of Australian metropolitan governance raises critical questions about the existing political fragmentation and multiplicity of boundaries, functions and government services that often replicate and compete with one another. This, in turn, has reignited calls for metropolitan -scale governance.

Some form of metropolitan governance structure is essential to address a range of pressing issues effectively. These issues range from achieving sustainable development goals such as action on climate change, through to coordinating population and urban development growth, and minimising spatial inequities and suburban sprawl. Whether governance structures take the form of a metropolitan government, a coalition, or a network will need to be negotiated in every city region and metropolitan area, as will the way in which boundaries are drawn. These negotiations will be influenced by potential actors, existing structures, the most pressing problems, and the available opportunities for cooperation and participation. The focus of this report is the role of local governments in cooperation with one another, the state governments, or further actors at the metropolitan scale.

In Australia, the dominant actor in metropolitan-scale government is at the state-level. Other actors, such as local and national governments, business and the community, are only partially involved. Australian local governments have historically had little autonomy and constitutional recognition within the federal system. Concomitantly local government reform has emphasised goals of efficiency and there has been a trend towards removing (planning) powers from local government, and shifting power towards state governments. This trend effectively casts local government in the role of 'line manager'. For instance, in the area of housing, some state governments set targets that Local Government Areas (LGAs) must achieve.

Nevertheless, as this report demonstrates, local government are key actors in metropolitan governance and there are numerous examples of bottom-up, informal metropolitan or sub-regional cooperation structures exist at various scales throughout Australia's metropolitan regions. Experiments in metropolitan governance involve local government advocacy, representation, collaboration and engagement across all tiers of government.

The present and emergent models of metropolitan governance in Australia have not emphasised participation or democratic impulses at the local or metropolitan levels. Yet the community possesses the strongest influence on metropolitan governance during state government elections. Metropolitan transport and planning issues have played an important role in a number of recent state elections. For example, planning and transport issues played a crucial role in the election campaigns and results of the last three elections in Victoria.

The way in which local government structures are developed—whether bottom-up or top-down—has consequences for legitimacy and scope of action. This development depends on existing cultures of cooperation, democratic traditions, and the will to negotiate and reach consensus between different relevant actors. In order for a newly established metropolitan governance structure to enjoy success, it is necessary that it:

- is accepted by citizens and political actors, as well as other non-public actors (legitimacy)
- covers the relevant geographical area (territorial cover)
- facilitates relevant decision-making, resulting in decisions that can be implemented (authority and autonomy).

Australia can gain insights from international experiences about models of metropolitan governance and processes for establishing durable cooperation structures, and vice versa. Experiences from abroad show how different types of integration (e.g. between land use and transport planning), as well as coordination between diverse government actors and across scale, might be achieved. The need to align the priorities and goals of municipalities and possibly higher-level authorities through consultation and engagement processes have been identified as crucial in the development of metropolitan-scale mechanisms and instruments across urban regions.

Arrangements for metropolitan governance vary considerably. Metropolitan governance is shaped by context including: existing institutional, legal and political arrangements; the most pressing local problems; the existing culture of cooperation; and the will of different relevant actors to cooperate and negotiate. The role of local government has been undervalued and can be an effective way of operationalising diverse metropolitan governance structures, offering:

- legitimacy through elections of local councils
- cooperation with the local level through the congruence of actors
- a focus on shared interests in the city region
- the fit of the territorial cover (however, in Australia, some local government areas actually cover metropolitan and rural parts)
- the flexibility of the territorial cover (if the functional area becomes larger local councils can be included), and
- the potential for addressing issues of subsidiarity.

## Policy development options

The point of departure for this report is the role and potential of local government coordination in 21st century Australian metropolitan governance. This considers how the principle of subsidiarity (localising decision-making) might provide local identity and drive actions that can be understood and practiced within a larger metropolitan context to create more responsive, more effective and potentially more democratic outcomes. Previous examinations of Australian metropolitan governance have focused on tensions surrounding state and federal level intervention and cooperation (or lack thereof) and, increasingly, on the tensions between state governments, private actors and civil society. Significant questions remain regarding the democratic 'offer' and role (real and potential) of local government within the Australian context.

In Australia, the solutions posed to the growing challenges of metropolitan governance are often inadequate, conflicting and uncoordinated (Stilwell and Troy 2000; Gleeson, Dodson et al. 2010; Steele 2020). Existing metropolitan governance mechanisms reflect: a mismatch in scope and scale; a lack of democratic legitimacy and accountability; and inadequacies of fiscal and taxation policy reform levers and outcomes (Spiller 2018). The use of different sectoral policies at differing scales tends to simply shift problems across administrative borders while offering contradictory policies that generate more spatial problems than they resolve (Dühr, Colomb et al. 2010). Similarly, reliance on parallel multi-level governance mechanisms (the silos of instituted bureaucracy) that are institutionally divided, fails to address the issues and challenges increasingly manifest in cities at the metropolitan scale. The resulting impact affects the lived experience of our cities and their ecological and economic capacity.

Australia's existing governance structures pose significant challenges at the metropolitan scale. This is exacerbated by a lack of constitutional mechanisms for enacting metropolitan governance structures. In particular there is an absence of clear and effective institutional arrangements for the planning of urban development and the coordination of urban services, including infrastructure, below the state government level. There are no clear means of collective democratic expression about resource allocation and strategic issues at the metropolitan (or regional) scale. Although, as outlined in this report, examples exist and experiments continue. Critically, the uncoordinated and highly differentiated responses to key urban issues related to climate change adaptation (e.g. housing, water, energy, planning and development) are increasingly evident in Australian cities (Gleeson and Steele 2012; Newton, Bertram et al. 2018), revealing one, yet significant, element of the urgency of this governance issue.

Several commentators assert Australia needs metropolitan governance structures that are able to 'distance [themselves] from state and federal governments when deciding metro-scale infrastructure and services priorities' (Tomlinson 2017: 1). In Australia, this means being accountable to a metropolitan constituency, undertaking strategic planning, being responsible for metro-scale infrastructure projects and services, generating revenue, and being fiscally autonomous.

Some of the benefits of greater local government engagement and coordination in metropolitan governance include greater connectivity, resource sharing efficiencies, congruence of services, and harmonising of policies and legislation. Opportunities for local government coordination at the metropolitan scale include breaking institutional barriers and setting a precedent for collaboration, building capacity and sharing knowledge, budgetary efficiencies, and the potential for innovation. All of these benefits would, in turn, support planning and implementation at the metropolitan scale and the potential for better outcomes for the community it seeks to serve (Steele, Eslami-Andargoli et al. 2013).

The metropolitan challenge in Australia is to find governance approaches and mechanisms that are not only fit for purpose, but are also democratically defensible, adhere to the core principles of equity and transparency, and include an emphasis on recognising local need and difference. Whether this involves ‘reinventing the institutional wheel’ (Dovers 2009; Dovers and Hezri 2010) is unclear, but it will certainly require greater involvement of local government, and better overall coordination between the different tiers of government as central to the reform agenda.

## The study

This AHURI report examines the role of local government engagement and coordination in 21st century Australian metropolitan governance. This includes the consideration of how local identity and actions can be understood and practiced within a larger metropolitan context to create more responsive, effective and democratic outcomes. This research suggests that local governments are central to the liveability, development and functioning of Australia’s metropolitan regions. However, as an analysis of models of practice shows, local governments are generally removed from real influence on issues that have scope to create change in our cities. Moreover, the institutions of metropolitan governance are myriad, and the fragmentary approaches are deliberate policy devices.

This report is exploratory. It considers different approaches to the role of local government in contemporary metropolitan governance, reflecting on the Australian and international experience, and offering pathways for further consideration. To do this, the research reviews both literature and policy examples of Australian metropolitan governance and the role of local government, as well as the limited examples that explore these two concepts together within the Australian context. The research approach comprised an initial literature review of international and Australian metropolitan governance, local government and collaborative approaches. This was followed by a desktop review of Australian policy and practice in the context of metropolitan governance. To enable a breadth of input to these stages, while retaining a focus on existing research, an expert advisory team was established to assist in scoping the work and expert workshops were conducted.

The literature review focused on metropolitan governance and local government coordination. This included the history of the metropolitan governance debate, recent academic debates and practical experiences with metropolitan governance structures (both nationally and internationally), urban challenges and their implications for metropolitan governance, and conceptualisations of city-regions and metropolitan areas. While the Australian experience was the focus of the research, relevant international institutional models and experiences, particularly federal systems, were also considered. Collaboration, partnerships and networks in Australian local government were also considered during the literature review.

During the desktop review, metropolitan governance structures in Western Australia, South Australia, Victoria, New South Wales and Queensland were examined and summarised. This involved consulting state and local government websites, analysing metropolitan strategies and other policies, and searching for further examples of local government collaborations. A framework table was used to compare descriptions and identify differences between the states.

The first expert workshop was held in October 2019 and provided the basis for scoping the literature review. The second expert workshop was held in February 2020 and was used to discuss the findings of the literature and desktop reviews, and to identify research gaps and additional pathways of enquiry. The expert panel included Professor Paul Burton (Griffith University), Adjunct Professor Bruce James (Griffith University), Dr Marcus Spiller (RMIT and SGS Economics and Planning), Professor Jago Dodson (RMIT University), and Professor Peter Phibbs (University of Sydney).



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