

Understanding metropolitan governance in Australian cities



Based on AHURI Final Report No 352: Local government co-ordination: metropolitan governance in twenty-first century Australia

What this research is about

This research examines the role of local government in 21st century Australian metropolitan governance. This includes a focus on the role of local government collaboration with one another, the state governments, and other actors at the metropolitan scale, and includes 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. Understanding and advancing metropolitan governance remains critical for Australian cities, as we have seen in the context of addressing COVID-19, the roll-out of critical infrastructure programs and through the need for action on climate change.

The context of this research

Australia's metropolitan regions are experiencing significant pressures of population and housing growth, economic change and infrastructure deficits. Australia's metropolitan regions are a patchwork comprised of local government, national government and dominant state governments. This means that despite various attempts at reform over more than a century, most decisions that affect the metropolitan scale—such as planning, transport, urban growth—are overseen by the state governments. Historically there has been little scope for formal local government collaboration and influence, despite this being the scale where policies and plans are taken up in specific place-based contexts by local communities.

The renewed interest in Australian metropolitan governance is a consequence of both the existing challenges faced by our cities, and emerging models of investment and policymaking (e.g. those involving stakeholders such as the Australian Government and private sector property and infrastructure interests).

New models of decision-making at the metropolitan and sub-metropolitan level have developed, and incorporate different tiers of government in both collaborative and representative forms. The role of local governments in these new and emerging metropolitan governance models are little understood, and as such are the central concern of this report.

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The key findings

Australia is 'a nation of cities', yet effective models of metropolitan governance have proven elusive. Local government has an important role in representing community aspirations from the ground-up, however the financial and political incentives for metropolitan scale governance in Australia are often framed in ways that exclude and/or reduce the role for local actors.

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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 which involves government, the private sector and not-for profit/community-based organisations. 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 and decision-making re-distributed.

Current metropolitan governance in Australia

In Australia, the dominant actor in metropolitan-scale government are state governments. Other actors, such as local and federal governments, business and the community are only partially involved. Australian local governments have historically had little autonomy and constitutional recognition within the federal system. At the same time, local government reform has emphasised goals of efficiency and there has been a trend towards limiting the powers of local government. 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.

No metropolitan governance structure (apart from state governments) has strong authority, in the sense that they can make independent and binding decisions for their metropolitan area. Presently, the Greater Sydney Commission (GSC), created by an Act of NSW Parliament in 2016 has the strongest authority beyond a state government. For example, the GSC has developed the Sydney metropolitan plan, local councils have to obtain written advice from the GSC that it supports their strategic plans, and the Minister of Planning has to consult with the GSC about any state planning policies that will impact on the implementation of GSC plans.

However, final decision-making on major transport infrastructure is still a State Cabinet process and infrastructure issues are dealt with via a GSC sub-committee that includes the secretaries of all the major NSW infrastructure agencies.

As in other metropolitan areas around the world, autonomy and authority are often viewed sceptically by existing administrative institutions and government levels, fearing to lose power. Other metropolitan areas like Melbourne, Adelaide and Perth do not even have clear metropolitan governance structures that cover the entire metropolitan area. This also plays out in the different state planning reforms and changes to the Local Government Acts with their emphasis on fiscal responsibility and procedural (rather than genuinely political) action. Important differences are evident between the regions, not only as metropolitan governance structures are hugely different, but also with local governments being involved to a different extent.

Non-government participation in metropolitan governance

The lack of clarity and fragmentation in metropolitan governance in Australia has resulted in low levels of community participation, although there are exceptions. Public participation and engagement has been a feature of the development of some metropolitan plans through the possibility for submissions and some engagement events. However, the strongest influence of the community on metropolitan governance appears to be respective state government elections and, in a number of elections, metropolitan issues have played an important role.

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Economic and business actors have been influential in shaping recent metropolitan plans. Furthermore, they have an active role in metropolitan development and metropolitan governance because they often have stronger lobbying powers than citizens. Notable influence includes changes to the urban growth boundary in Sydney, and a so-called ‘market-led’ proposal for the West Gate Tunnel in Melbourne where private interests are shaping key infrastructure and urbanisation outcomes. The business sector has influence through public-private partnerships for infrastructure and other projects.

Voluntary cooperation

In all metropolitan areas voluntary cooperation structures of councils exist, mostly for advocacy to state governments. Some of these are sub-regional, such as WESROC in Perth or IMAP in Melbourne. Others cover the whole metropolitan area, such as GAROC in Adelaide. There are also topic-related collaborative structures, especially with regard to climate change (such as Resilient Cities Melbourne), or transport (like the Metropolitan Transport Forum in Melbourne). These collaborative partnerships do not have strong powers or capacity, but tend to deal with issues and topic areas that are urgent to local government, and where there limited support from the state government.

City Deals in Australia

An emerging interest of the Australian Government in urban affairs has resulted in the establishment of ‘City Deals’ as governance, funding and infrastructure agreements between the three tiers of Australian government. City Deals have often proved competitive, rather than collaborative.

The City Deals have been identified as offering potential to deliver dramatic changes in urban infrastructure. This has especially been notable as the Australian Government had been largely absent in Australian cities policy since the early 1970s. However, City Deals have been criticised for offering little more than a distribution of project funding with top-down decisions, and potential for political expediency. The outcomes of this form of inter-governmental collaboration remain uncertain.

International experience

International examples suggest considerable scope for approaches to collaborative and cooperative local government engagement with metropolitan governance.

The Organisation for Economic Cooperation and Development (OECD) has become a proponent of metropolitan governance reform, with its position informed by reviews of the metropolitan governance arrangements in its member countries. The OECD contends that identified challenges resulting from the mostly informal metropolitan governance arrangements could be overcome by further institutionalisation.

While establishing a metropolitan government may not offer a solution to all challenges and be suitable in all contexts, it could help achieve stability depending on the context and existing institutional arrangements.

Major reforms may be more difficult to implement in some countries and regions than in others. For example, in countries where local authorities have constitutionally established powers and where taxes paid by households and businesses are an important aspect of own-source revenue of local government (such as in Poland, the USA and Germany), there are obvious disincentives to inter-municipal cooperation. Local governments might resist attempts to shift some of their powers and competences to a regional body.

In complex multi-level governance systems, such as the European Union (EU), financial incentives have, since the 1990s, played an important role in supporting collaborative governance arrangements at different scales. Over several decades, the EU has provided significant regional policy funding for cross-border cooperation, including for metropolitan regions covering parts of different national territories (such as Lille metropolitan region and Luxembourg). The EU has also adopted legal provisions that facilitate the institutionalisation of cooperation agreements between municipalities and regional authorities across national borders.

One of the few examples of major local government reform that established a metropolitan government is the Auckland Regional Council in New Zealand. It was established in 2010 through the amalgamation of eight territorial authorities. The metropolitan government is responsible for spatial and infrastructure planning and service delivery across the metropolitan region.

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In the United Kingdom, the Greater London Authority (GLA) has substantial autonomy, assigned by the *Greater London Authority Act 2007*, including the ability to levy taxes directly from households and businesses in the metropolitan area to cover its expenses. The Mayor of London is directly elected in an area-wide constituency, which gives significant independence from localist interests. The Mayor of London is responsible for preparing the *London Plan*; a comprehensive statutory spatial development strategy for the Greater London area, which integrates economic, environmental, transport and social issues of relevance for the spatial development of Greater London until 2031.

In the United States (US), there are significant challenges to setting up metropolitan governance arrangements because of the 'complex system of interwoven jurisdictions'. Nevertheless, some local jurisdictions have voluntarily consolidated governments to address metropolitan scale issues, as for example in the urban regions of Nashville (Tennessee), Jacksonville (Florida) and Louisville- Jefferson (Kentucky). Elsewhere, less formalised structures prevail. For example, Portland (Oregon) is a rare example of a bottom-up regional planning approach, whereby the local authorities in the metropolitan area requested that the state government grant statutory powers to a regional spatial plan that is binding on its member councils.

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What this research means for policy makers

There is no one-size fits all model for the challenges of metropolitan governance. Within the Australian context there are a range of formal and informal models with decision-making for metropolitan areas largely in the hands of the state government. There are identified opportunities for enhancing the role of local government as part of Australia's multi-level federalism including:

- breaking institutional barriers and setting a precedent for collaboration
- building capacity and sharing knowledge
- resource sharing and bulk purchasing benefits
- creating potential for innovation and an opportunity to address extraneous issues
- congruency of services and information, policies and legislation, and protocols.

All of these benefits in turn, support better policy, planning and implementation at the metropolitan scale, and the potential for more sustainable outcomes for the communities they seek to serve.

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Methodology

This research reviewed literature and policy examples of Australian and international metropolitan governance and the role of local government, as well as the limited examples that explore these two concepts together within the Australian context. This was followed by a desktop review of Australian policy and practice in the context of metropolitan governance. An expert advisory team was established to assist in scoping the work and expert workshops were conducted.

To cite the AHURI research, please refer to:

Butt, A., Kroen, A., Steele, W. and Dühr, S. (2021) *Local government co-ordination: metropolitan governance in twenty-first century Australia*, AHURI Final Report No. 352, Australian Housing and Urban Research Institute Limited, Melbourne.

Available from the AHURI website at ahuri.edu.au/research/final-reports/352