

# **International Roundtable on Metropolitan Governance**

**SYDNEY, 14-15 DECEMBER 2009**

## **SUMMARY REPORT**

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**Edited by Graham Sansom  
Australian Centre of Excellence for Local Government**

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**Above:** *Graham Sansom (Australian Centre of Excellence for Local Government), Dorte Ekelund (Executive Director of the Major Cities Unit ) and Rupak Chattopadhyay (Vice President, Forum of Federations)*

The Roundtable was a collaborative venture between the Forum of Federations, the newly established Australian Centre of Excellence for Local Government<sup>1</sup>, and the Major Cities Unit of the federal government's Infrastructure Australia. It was officially opened by the Federal Minister for Infrastructure, Transport, Regional Development and Local Government, Hon. Anthony Albanese, who highlighted the importance of the establishment of Infrastructure Australia and its Major Cities Unit in the context of the federal government's renewed involvement in metropolitan issues and strengthening of its partnership with local government. Participants were later welcomed to the offices of Infra-structure Australia by the Infrastructure Coordinator, Michael Deegan.



**Above:** *The Hon. Anthony Albanese*

In his introductory remarks, the Vice President of the Forum of Federations, Rupak Chattopadhyay, explained that the Forum was established by the government of Canada in 1999 as a vehicle for sharing experiences between federal countries, and now works in about nineteen countries, both developed and developing. The aim of its roundtables is to capture knowledge from and for participants, and to contribute to policy development. This was its first significant event targeted at the needs of Australia, although Australia has participated strongly in a number of 'global dialogues' and other Forum activities.

The Roundtable took place in the lead-up to the 2010 World Urban Forum in Brazil, where the Forum of Federations was working with the Brazilian organisers to arrange a session on the governance of fragmented metropolitan regions – in particular institutions and processes for intergovernmental coordination and delivery of services. International speakers attended from Canada, the USA, South Africa, India and New Zealand. Australian participants included senior federal, state/territory and local government representatives, together with other leading practitioners and academics.

The Roundtable built on recent Forum of Federations projects on local government and metropolitan regions, and intergovernmental relations in federations<sup>2</sup>. It offered an opportunity to compare recent experience in metropolitan governance and planning both internationally and across Australia. Discussions were also intended to provide input to the work of the Major Cities Unit, Infrastructure Australia, in formulating a national cities strategy, and to the programs of the Australian Centre of Excellence for Local Government.



**Above:** *Rupak Chattopadhyay*

<sup>1</sup> Special thanks are due to Daniel Grafton and Chris Watterson for their help in organizing the Roundtable, and to Sarah Artist for compiling the detailed notes from which much of this summary is drawn.

<sup>2</sup> See Nico Steytler (ed) *Local Government and Metropolitan Regions in Federal Systems, (A Global Dialogue on Federalism Vol 6)*, McGill-Queen's University Press, Montreal, 2009; and Slack, E and Chattopadhyay, R (eds) *Finance and Governance of Capital Cities in Federal Systems*, Forum of Federations, Ottawa, 2009

This report does not attempt to provide a comprehensive and definitive account of discussions on the day, which were wide-ranging. However, it does seek to capture some of the key themes and critical issues that were identified, and to highlight areas for further consideration, especially in the Australian context. At least two follow-up initiatives are under way:

- The UTS Centre for Local Government (University of Technology Sydney) is launching a *Governing Sydney* project to explore specific governance and planning challenges for the metropolitan region
- The Forum of Federations intends to hold a further international roundtable in Australia and to publish a book of case studies of metropolitan governance in federal countries, including those covered in Sydney.



**Above:** *Participants of the International Roundtable on Metropolitan Governance*

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**MONDAY 14 DECEMBER**

*At The University of Technology, Sydney*

- Welcome by Professor Ross Milbourne, UTS Vice Chancellor, and Hon Margaret Reynolds, ACELG Chairperson
- Official opening by Hon Anthony Albanese, Federal Minister for Infrastructure, Transport, Regional Development and Local Government
- Introduction by Rupak Chattopadhyay, Vice President, Forum of Federations
- Presentation of Background Paper by Dorte Ekelund, Executive Director, Major Cities Unit (Infrastructure Australia)

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**TUESDAY 15 DECEMBER**

*At Infrastructure Australia*

- Introduction by Graham Sansom, Director, ACELG
- Panel Session 1: Canada and USA
- Panel Session 2: South Africa and India
- Panel Session 3: New Zealand and Australia
- Roundtable Discussion
- Summary and Next Steps

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**WEDNESDAY 16 DECEMBER**

*At Infrastructure Australia*

- Review meeting of organisers and international presenters
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■ **ANDREW BORAINÉ** is the Chief Executive of the Cape Town Partnership, a public-private partnership coordinating the regeneration of the central city. He is a former City Manager of Cape Town, and was the founding chairperson of the South African Cities Network, a grouping of major metropolitan municipalities.

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■ **RUPAK CHATTOPADHYAY** is Vice President (Governance Programs) of the Forum of Federations. He worked previously as a policy adviser to a wide range of business organisations in India, Africa and Europe. At the Forum he sits on the editorial board of the Global Dialogue on Federalism.

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■ **PETER MCKINLAY** is Director of the Local Government Centre at the Auckland University of Technology. He has completed several studies of alternative models for local governance, and has been closely involved in discussions around moves to establish a single metropolitan-wide local government for Auckland.

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■ **MIKE REID** is Manager-Governance with Local Government New Zealand (the national association of councils). He has extensive experience across most aspects of local and regional governance and intergovernmental relations, and recently completed doctoral research in this field.

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■ **DALBIR SINGH** is National Secretary of the Indian National Congress. He is a member of the Foundation for Public Policy and Governance, the National Task Force on Local Governance and Decentralization of Power, and the Central Advisory Committee to the Ministry of Urban Development.

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■ **ENID SLACK** is Director of the Institute on Municipal Finance and Governance at the University of Toronto. She specialises in municipal, education and intergovernmental finance, and is a member of the advisory committee of the Ontario Municipal Knowledge Network.

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■ **RON VOGEL** is Professor of Political Science and Urban and Public Affairs at the University of Louisville, Kentucky. He has undertaken comparative research on metropolitan governance in the United States and Japan, and has focussed on metropolitan planning, regionalism and decentralisation.

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### 4.1 Country Snapshots

#### AUSTRALIA

- 75% of population lives in cities of more than 100,000 people. Further rapid growth predicted, especially Sydney, Melbourne, Brisbane (plus Gold Coast and Sunshine Coast), Perth.
- State governments hold most responsibilities/functions for metro management – strategic planning, major infrastructure and service delivery, but limited financial resources (high dependency on federal transfers) and often fragmented administrative structures and inconsistent boundaries. No state has a dedicated metro agency but most have metro plans. Planning tends to be contested terrain amongst state agencies and between state and local governments. Only Perth and Brisbane have joint state-local government bodies for metro planning.
- Also fragmented local government in most metros: partial exception is Brisbane with large central city council and recent amalgamation of surrounding areas into only 6 others for almost entire metro area of South East Queensland. Council of Mayors (all directly elected) to promote voluntary cooperation. But still strong state oversight and involvement.
- Renewed involvement of federal government. Establishment of Major Cities Unit. Council of Australian Governments (heads of federal/state/territory governments plus local government representative) agreement on guidelines for new 30-year metro plans, to be prepared by states by 2012 and linked to federal infrastructure funding.

#### CANADA

- A diverse range of one- and two-tier models with varying degrees of consolidation into large municipalities. Other key variables include the nature and extent of voluntary cooperation amongst local governments and of direct involvement of provincial governments. Minimal federal government role.
- Toronto: single-tier model with a high degree of consolidation. Current City of Toronto established by amalgamation of seven municipalities (six lower tier and one upper tier) in 1998, but metro growth had already extended well beyond the city boundaries and rapid urban expansion into the hinterland has continued. Considerable fragmentation in service delivery, notably public transport. Province has now stepped into a regional planning role and has also established a Greater Toronto Transportation Authority (Metrolinx).
- Vancouver: voluntary Regional District – Metro Vancouver – established in 1965 and constituted by 21 member municipalities. No taxing powers and limited accountability. Various special purpose authorities established under its aegis and a reasonable degree of collaboration. Province established a separate Greater Vancouver Transportation Authority in 1998 (Translink).

#### INDIA

- Massive urban growth – now 300m people – and governments struggling to keep pace.
- Urban Development Authorities established in 1980s: relatively limited, weak role but states could strengthen them or create new metro authorities. States are reluctant to devolve control.
- Delhi: responsibilities shared between Municipal Corporation and Union Territory government. Urban area extends beyond both boundaries. Range of supporting statutory authorities, e.g. Delhi Development Authority for urban planning and development projects; Metro Rail Corporation; water supply authority.
- Kolkata: Municipal Corporation for core city, with unique ‘strong Mayor’ model (Mayor holds executive powers rather than state-appointed Commissioner). Kolkata Metropolitan Development Authority for statutory planning and urban development (cf Delhi). Also a Metropolitan Planning Commission for strategic issues – includes directly elected members and state and federal appointees.

## NEW ZEALAND

- Highly urbanised country but Auckland the only major metro area. Lack of a national urban policy but now concern about need to foster economic growth through cities.
- Currently 'one size fits all' local government model: 73 general-purpose local government plus 12 Regional Councils - latter focus on environmental planning issues, but some involved in major service delivery e.g. water supply, public transport, regional parks, ports. Scope for transfers of functions between local and regional councils, but little used.
- Strong influence of New Public Management in local government: amalgamations to generate efficiency, councillors as 'board of directors', outsourcing, long term planning etc. Recent emphasis also on community engagement.
- Auckland: 35% of population. Until now 8 local councils plus weak Regional Council. Some recent moves towards cooperative metro planning. National government now enforcing amalgamation into a single metro council with directly elected Mayor (some limited executive powers); 19 local boards to undertake some functions and provide for community engagement; a number of arms-length entities for infrastructure, service delivery and economic development.

## SOUTH AFRICA

- Rapid urbanisation (including urbanisation of poverty) and realisation that economic and social progress depends heavily on city management. But gaps in national policy framework around strategic role of cities, demographic change and population movements, economic development and employment issues etc
- Local government enjoys considerable status and autonomy under constitution (but still considerable provincial and national oversight). Special category of very large metropolitan municipalities designed to consolidate economic regions in a single tier, facilitate redistribution of wealth from richer to poorer suburbs, minimise cross-boundary problems. 'Weak' executive mayors – but extent of real power depends largely on political balance. Requirement for comprehensive Integrated Development Plans covering urban management, service delivery, budgeting, inter-government cooperation.
- Cape Town: approx 60 segregated municipalities and local government structures in 1995 to a two-tier metropolitan system (with six local councils) in 1996 to a single metropolitan government in 2000. City now has a single administration, single tax base and revenue system, single budget, and a governing body of 210 councillors, 50% elected directly by ward, and 50% through a proportional party list system.
- Considerable emphasis on strengthening community democracy and engagement – ward committees, sub-councils, decentralised service delivery etc

## UNITED STATES OF AMERICA

- Highly fragmented local government in sense of numerous area-based and special-purpose bodies. Growing focus on economic significance of metro regions in globalised world.
- Wide range of metro models: consolidation of central city and surrounding counties, e.g. Louisville in 2000 (but urban growth usually extends well beyond previously consolidated boundaries); 2 or 3 tiered with metro authority of some sort, counties and localities, e.g. Portland Metropolitan Service District and the Minneapolis–St. Paul Metropolitan Council (but metro upper tier is often weak); networks and voluntary cooperation in aspects of planning and service delivery, e.g. Los Angeles (complex but perhaps more realistic in dealing with growth and boundary issues).
- Metropolitan planning organisations required under federal highways law. Also scope for more use of special districts, special purpose authorities or other 'overlying' units of government to address specific metro issues.



## 4.2 Themes and Questions

The Roundtable was designed as an opportunity for an exchange of views and not to produce any definitive statements on the 'rights and wrongs' of metropolitan governance. The following paragraphs represent simply an attempt by the editor to capture some of the many issues and key themes that emerged throughout the event, and some tentative conclusions. They draw on both the presentations contained in sections 5 and 6, and observations made by Roundtable participants.

### TWO UNDERLYING ISSUES

Two underlying issues were evident:

- Who speaks for the city (metropolitan region)?
- What is the strategic space (geographical and governmental) for action?

These issues reflect both the dynamics of rapidly growing and changing metropolitan regions, and the inevitable complexity of governance frameworks.

Administrative boundaries are often illusory and fail to reflect the functional complexity of the metropolis and its evolving relationships with the hinterland: planning must reach beyond boundaries. Also, the complexity of the issues as well as competition between different interest groups and between different levels or units of government, makes it difficult for metropolitan regions to find a voice.



**Above:** Participants at Roundtable discussions

### ADDRESSING 'FRAGMENTED GOVERNANCE'

The Roundtable focussed on the issue of 'fragmented governance'. This is often seen purely in terms of the existence of a multiplicity of local governments leading to proposals for amalgamation or other forms of consolidation – joint service delivery, resource sharing etc. However, the available evidence suggests that local government amalgamations may in many cases be simply an off-the-shelf solution looking for a problem, and not the optimum response, at least on its own. Amalgamations generally do not save money and can be very costly and disruptive to implement. Nor is it certain that efficiency improves with scale, particularly for labour-intensive service delivery. Moreover, boundary adjustments will rarely if ever keep pace with metropolitan growth and change. Establishment of 'over-laying' special purpose agencies may be a better solution than wholesale amalgamations.

Cities should not be equated with local governments (especially in the Australian context): ask what the city and its communities need, not what local governments need; similarly, focus on solutions to metropolitan problems and issues, not problems and issues of local administration. This does not mean significant restructuring should be ruled out, but rather that the intended outcome in terms of improved metropolitan governance needs to be clearly defined, and that when restructuring is a preferred option it needs to form part of a broader package of measures.

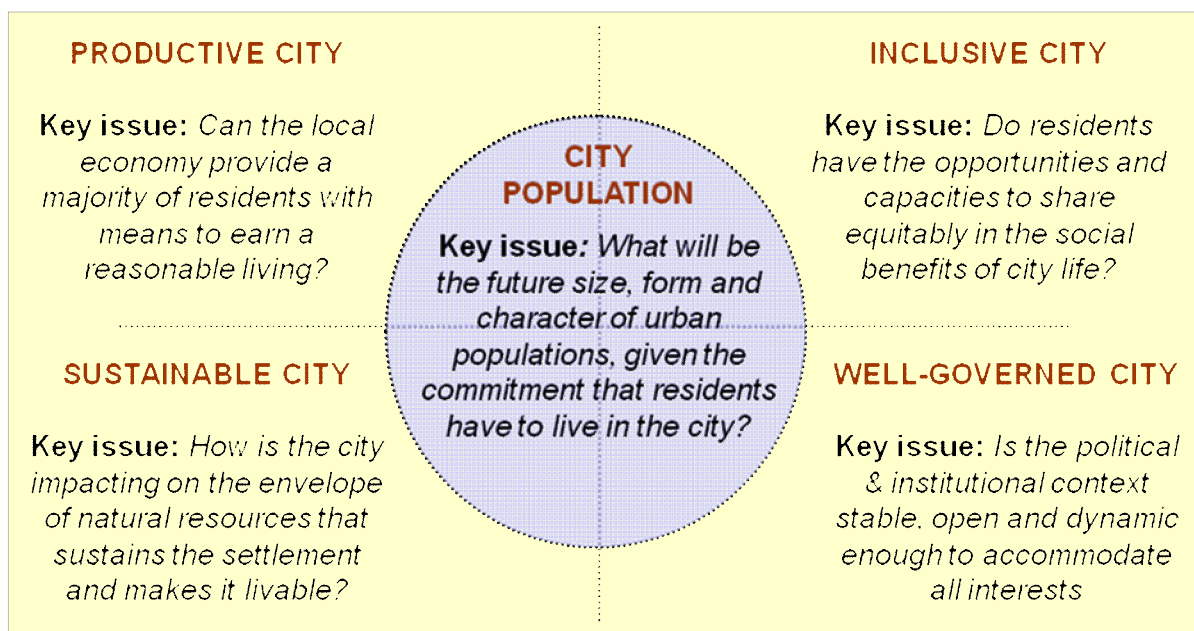
The Australian system, where state governments are indisputably the primary metropolitan managers, recent moves by the Ontario provincial government to play a stronger role in metropolitan planning for Toronto, the establishment by the province of a metropolitan transportation authority in Vancouver, and various aspects of the Indian experience, all highlight the importance of adequate central government support for metropolitan planning and governance. However, *federal* or *national* government involvement is often limited and spasmodic, and this can represent serious neglect when those governments command the resources required for improved infrastructure and service delivery. It is also essential that central governments themselves be suitably organised for their involvements in metropolitan management, otherwise their internal failings in coordination of policy-making and service delivery will simply add to problems of fragmented governance.

Effective inter-government relations are crucial. This requires mechanisms to foster and support cooperative efforts when required (such as joint metropolitan plans) and appropriate allocation of roles, responsibilities and decision-making to the different levels of government.

### IMPORTANCE OF UNDERLYING PRINCIPLES

When considering changes to governance arrangements it is essential to focus on the underlying principles to be pursued rather than the detail of the architecture or enabling legislation. Key principles include those around ensuring a sound economic base, environmental sustainability, cohesive communities, sound working relationships and collaborative efforts, skills and capacity development, and effective leadership, accountability and local democracy.

Andrew Boraine put forward the following framework:



Sustaining effective local democracy in very large cities and local government areas is seen as particularly important. The need to maintain adequate local democratic units as the building blocks of large metropolitan areas – and how this can best be achieved – warrants more attention. This could take the form of ward or suburb advisory committees, sub-councils within very large local governments and so on. Substantial and valued democratic units of this nature might then be (re)assembled in different ways as metropolitan areas and governance needs change.

## A 'WICKED PROBLEM'

Management of major metropolitan areas is a classic 'wicked problem' – the variables are many and complex, change is rapid and often unpredictable, patterns of cause and effect are poorly understood, apparent solutions may lead to further problems, and so on. Our capacity to manage effectively is limited by lack of understanding, lack of resources relative to the scale and nature of the issues to be addressed, and lack of adequate governmental and inter-governmental frameworks to make the best use of the resources that are available. Moreover, metropolitan management is increasingly a subset of more far-reaching issues – climate change, poverty and so on. In particular, we need to be clear on why and how city performance needs to improve in the national interest.

It is essential, therefore, that initiatives be targeted at clearly defined, specific issues and problems. **Primary** problems of metropolitan governance and planning tend to be those around growth management, infrastructure, transport, environment, sustainability etc. **Secondary** problems include resource capacity, administrative arrangements, local government structures, inter-government relations and planning systems. There is a tendency to tinker with the latter without being clear on the primary objectives and what is achievable.

At the same time, there is an evident risk that the planning agenda and available resources will be captured by seemingly attractive but somewhat simplistic solutions, especially high-cost construction projects advanced by big-spending government agencies. Major infrastructure improvements will often be necessary, but there will never be sufficient funds for all the construction projects proposed and they must be complemented by other approaches to metropolitan management.

There are rarely 'right answers' and it will simply not be possible to produce a 'perfect' outcome. Also, there has to be an acceptance that 'solutions' and models of governance will evolve over time and that the inertia of existing governmental and administrative frameworks – in particular the geographical boundaries and responsibilities of different agencies or units of government – has to be overcome to respond to changing circumstances.

## ISSUES FOR AUSTRALIA

- The constitutional role of Australia's states presents both an opportunity (their range of functions and legislative mandate) and a constraint (their lack of capacity, often fragmented structures and decision-making, and the distractions of their non-metropolitan responsibilities)
- Four critical issues emerged:
  - Misplaced capacity (the federal government has the resources but whom should it deal with and how?)
  - Incoherent/fragmented governance at state and local levels (both vertical and horizontal relationships)
  - Constraints to bottom-up initiatives by local governments and communities (higher levels of government seemingly do not want to hear or respond – a sharp contrast with US metropolitan planning commissions that are local government-based)
  - Limited and weak inter-governmental arrangements in most if not all jurisdictions (although some are further advanced in this regard).

- Queensland's joint regional planning committee for south-east Queensland and its Coordinator General and regional infrastructure planning, as well as Perth's Western Australian Planning Commission (formerly the Metropolitan region Planning Authority) appear to offer some useful models. In both states these arrangements have evolved within a culture of collaboration over many years.
- Some key questions for further consideration are thus:
  - What would constitute 'effective' metropolitan governance, planning and plan implementation? What are realistic expectations? Does planning tend to set the bar too high (e.g. in calls for 'integration')? What form should metropolitan strategies take? Is it more important for plans to be comprehensible (and thus have impact) than comprehensive?
  - To what extent can/should the federal government use its financial power to promote/compel improvements? Are the recently announced COAG criteria for metropolitan planning likely to prove effective? Are they realistic? Could they amount to no more than 'box-ticking' by state governments?
  - Who should take the lead in pulling together coalitions for metropolitan planning and implementation, and who leads implementation? Are the states really the 'right' place to start? Are there realistic alternatives? Could 'high capacity' local governments play a greater role through a process of amalgamations and regional collaboration (similar to the previous 'cooperation-between-equals' model in south-east Queensland)?
  - What specific measures are needed to bring about improvements in the performance of, and collaboration between, the states and local governments, and what incentives are needed to promote more coherent governance and planning (by overcoming currently in-built rigidities)?
  - What sort of arrangements within state governments are most likely to deliver results (both administrative and political – personal role of premiers, dedicated ministries, cabinet committees etc)? Similarly, how should the federal government organise itself for an expanded role in metropolitan planning and governance? What role should state and federal central agencies play, given their strong involvement in the recent COAG process?
  - What exactly is reduced fragmentation of local governments likely/expected to achieve? How should the role of larger local governments evolve? How does local strategic planning and associated community engagement (as increasingly required by state legislation) fit with metropolitan strategies?
  - What are the essential building blocks for democratic local governance (e.g. at suburb level) and thus for metropolitan institutions of governance?
  - Is there a need for enhanced networking and information exchange between local governments across state boundaries, as in the case of the South African Cities Network, building on existing frameworks such as the Growth Areas Alliance and Council of Capital City Lord Mayors?



A background paper on Australian issues was presented by Dorte Ekelund, Executive Director of the Major Cities Unit (MCU). Her PowerPoint slides are reproduced below. Some key points from her presentation were as follows:

- The governance of cities and in particular governance of the metropolis are key issues for the Major Cities Unit in the context of formulating a national urban policy. About 75% of Australia's population lives in its major cities, primarily on the eastern seaboard, and the population of those cities is expected to increase by 60% by the middle of the century. Sydney and Melbourne cities are each likely to have around 7 million people. The current policy framework is inadequate. In particular, infrastructure planning and investment is often linked only weakly, if at all, to long-term metropolitan plans.
- The current Australian government is very concerned about past under-investment in infrastructure, transport, telecommunications and other key economic infrastructure. Other critical issues include an ageing population, continuing urban sprawl, high levels of car dependency, an annual cost of congestion of about \$20 billion, climate change and sea level rise.
- There are constitutional issues around the federal government's role, which depends largely on its financial strength and responsibilities for taxation and transfers to the states and local government, plus some key specific powers such as for immigration and telecommunications. About 60% of population increase is due to overseas immigration. There needs to be a discussion about whether patterns of immigration are sustainable.
- In the Australian system, it is easy for local government to 'go missing' on metropolitan issues because under the constitution it is completely subservient to state governments. The federal government sees local councils as a vital link to communities, but there is often confusion of roles and many councils face serious financial problems. Also, a recent High Court case has cast some doubt over the federal government's power to transfer funds directly to individual local governments. Regional cooperation between local councils is important.
- There are some instances of stronger metropolitan governance. South East Queensland has an effective (if not perfect) regional planning framework and mechanisms for intergovernmental cooperation to address high levels of growth. In Adelaide metropolitan Mayors and CEOs meet every month and also have regular meetings with the state's infrastructure minister. The Melbourne 2030 plan involved a high degree of community consultation using new technologies, and was very successful in that regard. The Western Australian Planning Commission and its predecessor Metropolitan Region Planning Authority have survived for 50 years with bipartisan political support.
- The Council of Australian Governments is the peak body for communication and collaboration between federal and state/territory governments, and local government is also represented. Cities are now on the COAG agenda, alongside planning for microeconomic reform. New national partnership agreements are being negotiated to bring greater rigour to funding arrangements, including for infrastructure. agreement, which is new to infrastructure funding for cities. A set of national criteria has been endorsed for metropolitan planning, and the federal government will look to adherence with these criteria when allocating funding in order to ensure value for money.



**Above:** Dorte Ekelund



**Australian Government**  
Infrastructure Australia  
Major Cities Unit

## Governing the Australian metropolis

Dorte Ekelund  
Executive Director  
Major Cities Unit

Presentation to the Forum of Federations  
International Roundtable on Metropolitan Governance  
Sydney, Australia, 14 December, 2009



**Australian Government**  
Infrastructure Australia  
Major Cities Unit

## Transforming our Cities

Major Cities Unit


- National view of challenges facing cities
- Co-located with Infrastructure Australia
- Small team using leverage
- Developing national cities strategy



**Australian Government**  
Infrastructure Australia  
Major Cities Unit

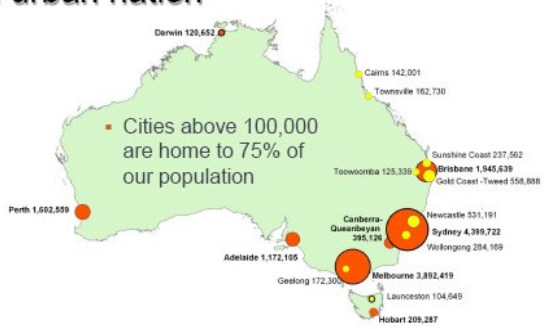
## Outline

- Infrastructure Australia and Major Cities Unit
- Australian context
- Challenges of city governance in the 21<sup>st</sup> century
- Australian Government's new role in cities



**Australian Government**  
Infrastructure Australia  
Major Cities Unit

## An urban nation



Cities above 100,000 are home to 75% of our population


City	Population
Perth	1,692,559
Adelaide	1,172,109
Gestung	172,300
Melbourne	3,892,419
Launceston	104,649
Hobart	209,287
Canberra-Queanbeyan	395,136
Toowoomba	125,336
Sunshine Coast	237,562
Gold Coast-Tweed	558,888
Newcastle	531,191
Wollongong	284,169
Sydney	4,389,722
Brisbane	1,945,639
Townsville	162,730
Cairns	142,001
Darwin	126,652



**Australian Government**  
Infrastructure Australia  
Major Cities Unit

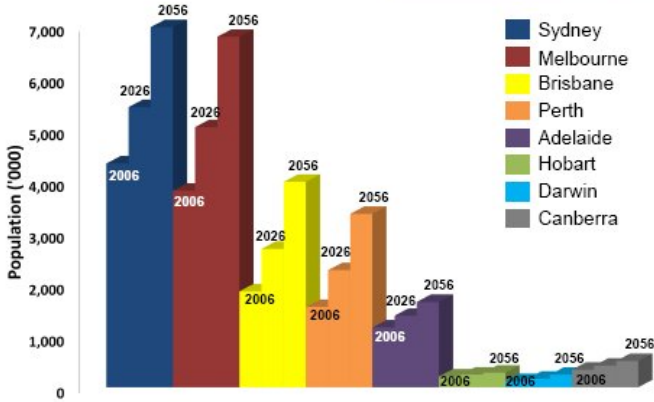
## National Context

- National leadership in urban systems: "back from the abyss"
- Address under-investment in infrastructure nationally
- Current Government initiatives:
  - Infrastructure Australia and Building Australia Fund
  - Major Cities Unit

**Australian Government**  
Infrastructure Australia  
Major Cities Unit

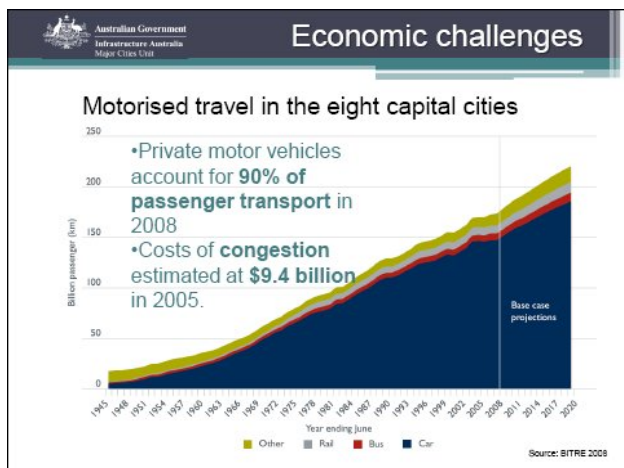
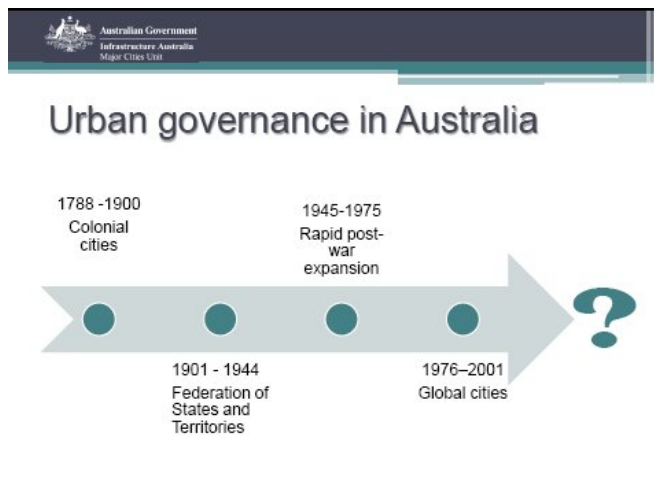
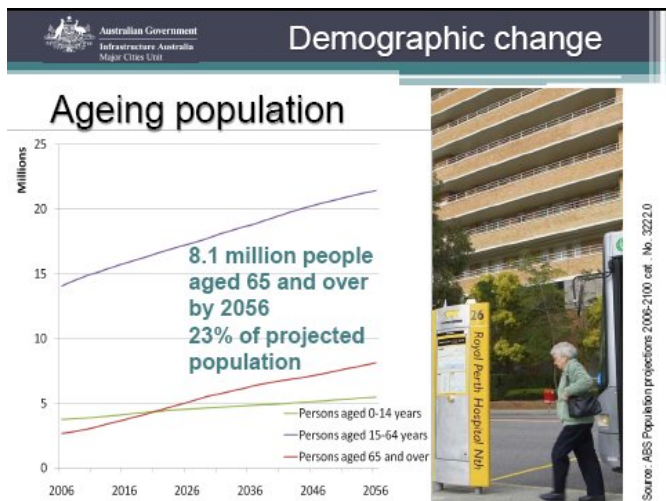
## Population forecasts



City	2006	2056
Sydney	~4,400,000	~7,000,000
Melbourne	~3,900,000	~7,000,000
Brisbane	~2,000,000	~4,200,000
Perth	~1,700,000	~3,800,000
Adelaide	~1,200,000	~2,000,000
Hobart	~210,000	~210,000
Darwin	~130,000	~130,000
Canberra	~395,000	~395,000

Source: Australian Bureau of Statistics (2009) Population Projections 2006-2100, ABS cat 3220.0





### Urban governance in Australia

Are we equipped to govern the Metropolis?

Australian Government	<ul style="list-style-type: none"> <li>Tax and transfer system</li> <li>Immigration</li> <li>National infrastructure</li> </ul>
6 States and 2 Territories	<ul style="list-style-type: none"> <li>Metropolitan planning</li> <li>Urban transport</li> <li>Health, Education, Utilities</li> </ul>
565 Local Governments (139 LGAs in Capital cities)	<ul style="list-style-type: none"> <li>Development approval</li> <li>Roads, rates and rubbish</li> <li>Local community services and facilities</li> </ul>
Regional and other collectives	<ul style="list-style-type: none"> <li>Advocacy</li> <li>Collaboration</li> </ul>

### Climate change

#### Climate Risks

- Sea level rise
- Heat waves and fire
- Storm events
- Declining rainfall

### Urban governance in Australia

Capital Cities	Number of LGAs
Sydney	43
Melbourne	31
Brisbane	5
Perth	30
Adelaide	19
Canberra	1
Darwin	3
Hobart	7

Australian Government  
Infrastructure Australia  
Major Cities Unit

## Challenges of governance



- Constitutional roles and limitations
  - No prescribed role for Federal government in cities
  - Local government not recognised at all
- Fragmented jurisdictions
  - Many LGAs
  - Multiple agency service boundaries
- Financial constraints
  - Rate capping for local government
- Accountabilities
  - For tied grants
  - For transparent development processes

Australian Government  
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## Australian cities – a path to reform




- Council of Australian Governments (COAG) agreed on 7 December 2009 to:
  - National criteria for capital city strategic planning systems
    - to address population and economic growth; climate change, housing affordability & supply, urban congestion
  - State governments to meet criteria by 2012
  - Link federal infrastructure funding to criteria

Australian Government  
Infrastructure Australia  
Major Cities Unit

## Governing the Metropolis

*“To address this complex, connected set of challenges, and to lift our urban productivity, we must establish new frameworks for how the different levels of government, along with businesses and the community, work together to build better cities and suburbs.”*

Prime Minister the Hon. Kevin Rudd  
October 2009 speech to Business Council of Australia



Australian Government  
Infrastructure Australia  
Major Cities Unit

## Principles for governance

- Leadership
  - South-east Queensland
- Co-operation
  - 14 Adelaide Mayors
- Collaboration and resource sharing
  - Council of Capital City Lord Mayors
- Participation
  - Melbourne 2030 consultation
- Accountability and transparency
  - Western Australian Planning Commission



Australian Government  
Infrastructure Australia  
Major Cities Unit

## Australian cities – a path to reform

Council of Australian Governments  
COAG

States and Territories	Australian Local Government Association
Intergovernmental and National Partnership Agreements	Ministerial councils Australian Council of Local Governments
	Working Groups and Taskforces

Australian Government  
Infrastructure Australia  
Major Cities Unit

## Cities as solutions

*“Enlightened and committed political leadership combined with effective urban planning, governance and management that promote equity and sustainability are the critical components to the building of harmonious cities.”*

Anna K. Tibaijuka  
Under-Secretary-General and Executive Director  
United Nations Human Settlements Programme (UN-HABITAT)  
2009





## 6.1 Andrew Borraine: Lessons from South Africa's local government transition

### INTRODUCTION

South Africa is an example of a comparatively radical local government restructuring process. It derives from a very particular context, namely, the history of illegitimate apartheid local government structures, but it does provide an example of what can be done in terms of decentralisation and empowerment of local government, as well as amalgamation and consolidation of municipalities to address socio-economic challenges.

Local government in South Africa 15 years after democracy continues to face many challenges. The South African Government has recently announced a 'Local Government Turnaround Strategy' to address some of the shortcomings. Nevertheless, there is a great deal that other cities can learn from the South African experience of metropolitan governance.

### ACHIEVING A 'SAFE LANDING' – SA'S NEGOTIATED LOCAL GOVERNMENT TRANSITION

A great deal has been written about South Africa's negotiated peaceful transition. What is perhaps less familiar is the critical role of local government during this process.

In South Africa, by the 1980s, there was widespread resistance towards the apartheid local government, a system historically based on segregated white local authorities appropriating the major share of municipal revenue from industry and commerce in each town and city, with the resultant lack of municipal service delivery in impoverished black townships.

In the early 1990s, local negotiation forums began to emerge, with black civic leaders campaigning for a new system of local government based on the slogan 'one city, one tax base', essentially a call for more equitable distribution of municipal resources.

By 1993, the issue of local government had become a core issue at the Multiparty Negotiating Forum, and, together with disagreements over how the security forces would be controlled during the transition period, nearly brought the negotiations to a halt. Finally, to help break the deadlock, an agreement was reached on a phased local government transition process, a so-called 'safe landing'. In terms of the jointly-agreed Local Government Transition Act, during the 'pre-interim' phase, local white communities, notwithstanding their relatively small numbers, were guaranteed equal representation on the newly amalgamated local authorities. This arrangement lasted until the first democratic local government elections in 1995.



Above: Andrew Borraine

Then, for the 'interim phase' until 2000, the former white local areas were allocated 50% of the demarcated wards (which constituted 60% of the total number of seats, the other 40% being contested on a proportional basis) – a guaranteed 30% representation. The 'final' phase, which saw the introduction of fully-democratic, non-racial local authorities throughout the country, was implemented following local elections in 2000.

## FROM A 'TIER' TO A 'SPHERE' – LOCAL GOVERNMENT IN THE SOUTH AFRICAN CONSTITUTION

The new South African Constitution, which was negotiated through the multi-party Constitutional Assembly in 1995, and implemented from 1999, has a separate local government chapter. Herein it is stated that the local sphere of government consists of municipalities, that a municipality has the right to govern on its own initiative the local affairs of its community, and that national or provincial government may not compromise or impede a municipality's ability or right to exercise its powers and perform its functions.

Local government is therefore regarded, not as a 'third tier' of government, established by statute but rather as an equal sphere of government that receives its mandate, powers and functions directly from the South African Constitution. Previously, local government derived its mandate from Provincial Government Ordinances. All three spheres of government are regarded as 'distinctive', yet 'interdependent and interrelated', with a strong emphasis on what is termed 'cooperative governance'.

Municipal powers and functions are specifically listed in the Constitution. Moreover, national and provincial governments must assign to a municipality by agreement a power or function if that matter would most effectively be administered locally.

Local government in South Africa thus enjoys a unique status, and plays a critical role in the development of the post-apartheid society. This is not to say that there are not frequent political or legal disputes between the various spheres of government. However, there is widespread acceptance as to the leading role of local government.

## 'GIANT STEPS' – CONSOLIDATION OF MUNICIPAL BOUNDARIES AND CREATION OF METROPOLITAN GOVERNMENT

The process of establishing a new system of local government has seen a simultaneous devolution of powers and functions to local level *and* a rationalisation of the total number of municipalities (from 1100 in 1993 to the current 284) in order to improve local financial sustainability and service delivery. This is based on the principle of 'one city, one tax base' whereby revenue is pooled centrally for equitable redistribution to areas of greatest need. The process of 'wall to wall' amalgamation and consolidation was organised through a national Municipal Demarcation Board.

The new system also provided for the establishment of a specific category of metropolitan government. There was previously no system of metropolitan government in South Africa. Initially, six single-tier metropolitan authorities were established with areas of jurisdiction that correspond approximately to that of the functional metropolitan economic area. Two more cities are in the process of being proclaimed metropolitan areas.

This has been done in the express recognition of the national economic role played by cities, as well as the need to reduce the possibility of destructive, cross-boundary competition between local municipalities within a multi-nodal metropolitan area.

The definition of metropolitan used in the demarcation process is as follows:

- a. A conurbation featuring areas of high population density, intense movement of people, goods and services, and with multiple business districts and industrial areas
- b. The centre of economic activity with a complex and diverse economy
- c. A single area for which integrated development is desirable
- d. Having strong interdependent social and economic linkages

This definition, in particular the last two points, was a direct response to the apartheid policy of deliberate fragmentation of the urban areas, and the relocation of black people to the urban periphery (and distant rural areas). The result is metropolitan governments with administrative boundaries that are more or less coterminous with functional economic and tax revenue boundaries.

The City of Cape Town, for example, went from approximately 60 segregated municipalities and local government structures in 1995 to a two-tier metropolitan system (with six local councils) in 1996 to a single metropolitan government in 2000. The City of Cape Town now has a single administration, single tax base and revenue system, single budget, and a governing body of 210 councillors, 50% elected directly by ward, and 50% through a proportional party list system.

## KEEPING THE 'LOCAL' IN LOCAL GOVERNMENT

The decision to implement single city government covering large metropolitan areas raised the concern of local democracy and accountability – a key function of local government.

This has been addressed in a number of ways. Large elected municipal councils were instituted to provide opportunities for maximum representation. Secondly, a relatively weak executive mayor system was established, with an oversight role for the Council chaired by a Speaker. As mentioned above, 50% of councillors are directly elected by ward constituencies.

A number of options for participation have been provided. These include ward committees nominated by different community 'sectors' to advise the ward councillor, sub councils with delegated powers, decentralised service depots and area management systems.

The South African Government White Paper on Local Government (1998) promotes the concept of 'developmental local government'. Municipalities are given responsibility for being *proactive* about the developmental needs of the communities they represent, rather than simply confining their role to one of administration, regulation and service delivery according to a statutory list of powers and functions.

Developmental local government emphasises that this is achieved through integrated, participatory and partnership-orientated planning and management. All municipalities are now required to draw up Integrated Development Plans (IDPs) that must integrate local developmental objectives into a single vision, and reflect this in specific, measurable implementation plans. The emphasis is on mainstreaming integrated resource management, by focussing on the way in which the municipality performs its core business. A municipal IDP is therefore a statutory planning process, involving annual business plans and budgets, rather than an 'add-on' programme.

Each municipality must actively encourage multi-stakeholder participation in the formulation, implementation, monitoring and annual review of its IDP. Municipalities, particularly in small towns and rural areas, receive support from provincial and national government for the IDP process.

While these participatory mechanisms have worked to varying degrees, and have been subjected to a national review in 2009 resulting in a new local government 'turnaround' strategy, one can conclude that keeping the 'local' in local government is not necessarily prejudiced by the large size of the municipal jurisdiction.

## THE BATTLE FOR NATIONAL URBAN POLICY

The six metropolitan governments in South Africa represent 35% of the national population and account for 59% of geographic economic production. If one combines the six metros with the next 26 secondary cities and towns, the figures rise to 52% of population and 78% of economic production.

Over the past 15 years, there have been three attempts by national government to formulate and adopt national urban policy – all have failed. In recent years, there was some progress with the (non binding) National Spatial Development Framework identifying areas of economic potential.

Current national government policy favours rural development, at least at the level of rhetoric, despite the fact that 65% of the South African population lives in urban conditions. Investments in urban and rural areas are often seen as mutually exclusive and competing. These arguments are based on a view that, with sufficient rural development, urbanisation can be reduced or even stopped. In addition, cities and towns are seen as ‘centres of urban affluence’ within a ‘sea of rural poverty’, notwithstanding the fact that the relatively high average level of wealth in cities often masks massive inequalities and deprivation.

A particular South African phenomenon has been urban growth without a rise in industrialisation usually associated with such urbanisation. As a result, there has been the urbanisation of poverty, with the six major cities now home to 2m unemployed and 3m economically inactive people.

It would help if national government policy was clearer on the strategic role of cities and their regions in achieving higher national levels of competitiveness in the global economy. Government policy also needs to focus more on the role of cities in addressing issues of poverty, inequality and underdevelopment.

In policy terms, it is more useful to develop a view of ‘urban plus rural’, rather than ‘urban versus rural’, and to see urban and rural not as different and competing spaces, but as part of a single continuum. National policy should aim to promote urban-rural integration, rather than an ‘urban vs. rural’ approach, which perceives urban areas to be ‘over-resourced’ and attempts to divert resources away from urban areas. Cities in turn need to find ways to plan beyond their own boundaries.

## NETWORKING AND KNOWLEDGE SHARING – NEW FORMS OF COOPERATIVE CITY GOVERNANCE

The South African Cities Network (SACN) was established in 2002 as a mechanism aimed at promoting the exchange of information and knowledge not only between cities, but also local, provincial and national spheres of government, something that public administrations are traditionally not very good at doing. The aims of the SACN are as follows:

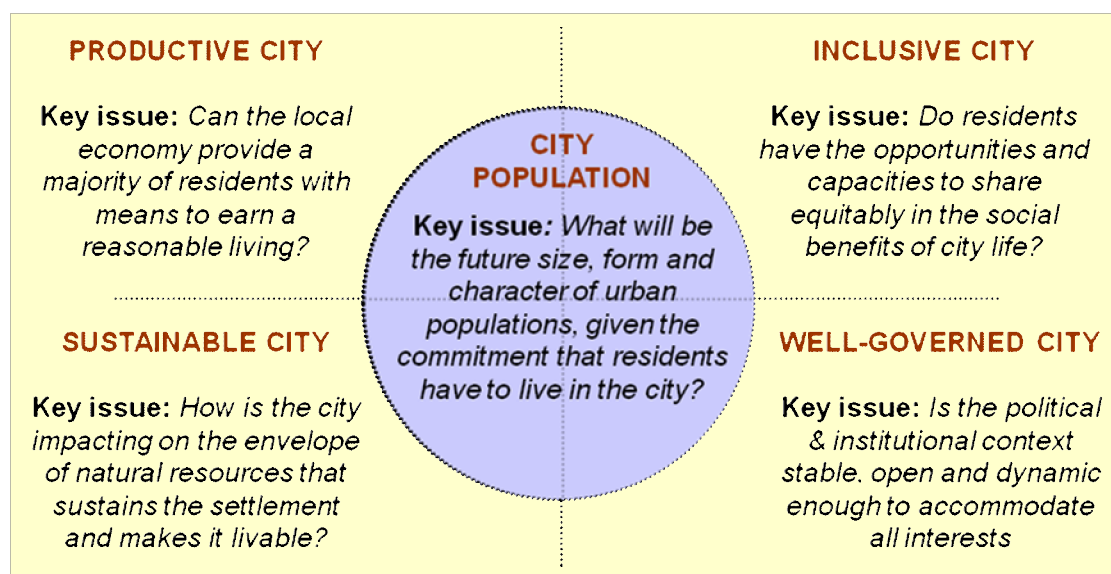
- Promote good governance and management of South African cities
- Analyse strategic challenges facing South African cities, particularly in the context of global economic integration and national development
- Collect, collate, analyse, assess, disseminate and apply the experience of large city government in a South African context
- Promote a shared-learning partnership between different spheres of government to support the governance of South African cities



The SACN has promoted the view that cities are the ‘engine rooms’ of economic growth in South Africa. The formation of the SACN has had a positive impact on the ability of cities to put forward their views in a cooperative manner. The view is held that cities and towns need to be “competitive” but don’t necessarily have to be “in competition” with each other.

Since 2004, the SACN has published two influential “State of the South African Cities” reports. A third will be published in 2011. These reports have promoted the need for cities to go beyond their IDPs and focus on city development strategies, based on the following considerations:

### 1. Integrative framework for development



### 2. Long term vision linked to short term action plans

- City visions need to go beyond ‘motherhood and apple pie’ statements
- There is a tendency to still focus on short-term operational plans rather than a long term city strategic plan – both are needed, and they need to be connected
- There is a persistence of ‘shopping lists’: there is a need to focus on city-wide ‘change-drivers’ and ‘points of leverage’ where impact can be maximised

### 3. City wide planning and resource mobilisation

- It is useful to distinguish between a municipal plan and a plan for the municipal area – the first deals with municipal powers, functions and budgets, the second with the development contributions of other levels of government, the private sector and the community or voluntary sector
- Develop a collective rather than just a municipal city vision, with a shared understanding of a city’s socioeconomic structure, constraints and prospects, within the context of global, regional and national trends
- Promote joint effort: structured governance and partnership arrangements between government, business, labour and civil society
- Adopt a comprehensible rather than comprehensive city plan: easy to communicate, manageable, empowering, accessible

#### 4. Planning beyond boundaries

- a) Establish mechanisms to plan beyond the area of municipal jurisdiction
- b) Maximize rural/ urban linkages in policy and planning
- c) Develop national urban and spatial development strategies that can plan for where people are going to be, not just where they are now, i.e. focus on mobility and portability of skills, not just place-bound services and infrastructure

#### 5. Integrated public sector asset management

- a) Give consideration to the full range of public sector interventions within the city area rather than on municipal powers and functions only
- b) Improve alignment of public sector initiatives within city areas, in particular, land and buildings, transport, skills, social services, housing, urban regeneration
- c) Particular focus is needed with regard to role and participation of state- owned entities

#### 6. Alignment of sector policies and plans

- a) Develop mechanisms to 'mainstream' cross-cutting issues (e.g. economic growth, poverty reduction, migration, HIV/AIDS, spatial planning, transportation, environment, etc)
- b) Establish basis for 'trade-offs' between plans, in order to avoid the problems of 'parallel planning'
- c) Focus more on the results (outcomes), rather than on inputs and outputs

#### 7. Combined classes of instruments for implementation of strategy

- a) City development strategies should aim to harness all possible instruments for implementation, for example: policy, legislation and regulation, fiscal (taxes, fees, charges, incentives), financial (government expenditure, equity), institutional (governance, participation, alignment), public asset management, knowledge management, and advocacy and leadership

Many South African cities and towns have begun grappling with these and other issues in an attempt to address the ongoing development challenges.

### SOUTH AFRICAN CITIES – WHAT STILL NEEDS TO BE DONE

Great strides have been made in many South African cities in the past 15 years. There has been a concerted effort around more equitable provision of basic services to poor communities. In Cape Town, for example, 99,4% of residents now have access to piped water; 94,8% to energy for lighting, and 95,2% to refuse removal. All residents (nationwide policy) earning under a certain amount receive 6kl of free water per household per month and 50kw free electricity. Wards are ranked in terms of a poverty index, and there is a metro-wide plan for the rollout of municipal infrastructure.

Planning for the 2010 FIFA Football World Cup has helped to accelerate the modernisation of transport infrastructure and has given host cities a higher profile.

However, one of the most visible consequences of past policies is the persistence of the dual nature of South African cities and towns: the formal and the informal, the employed and the unemployed, the insiders and the marginalised, the wealthy and the poor, juxtaposed and yet often worlds apart.

Fifteen years after the political transition, and despite tremendous progress, inequalities persist, and many towns and cities in South Africa continue to be characterised by:

- Spatial fragmentation
- Political, racial and social division
- Inadequate public transport and a predominance of car-based planning
- Low density urban sprawl and poor land use management
- Weak land and housing markets, especially in poor areas
- Inadequate planning for urban growth
- Environmental degradation
- Inadequate climate change mitigation strategies.

In addition, many of the institutional arrangements in cities and towns are still weak, characterised by:

- Vexed relationships between the political and administrative levels
- Accountability upwards towards political parties and other spheres of government rather than to communities
- The domination of ward councillors by proportional representatives and political parties
- Loss of skilled staff, and the appointment of people without the necessary qualifications
- Political instability within and between political parties, with factionalism, in fighting and continuous floor crossing until it was prohibited in 2008
- Centralisation of powers around mayors

Despite these and many other challenges, metropolitan government in South Africa remains relatively stable and cities continue to be sites of innovation and change. National government is moving away from a 'one size fits all' approach to local government, and is looking to increase the number of metropolitan municipalities from six to eleven. Consideration is also been given to the decentralisation of transport and housing powers to cities.

Just as the success of the negotiated settle in 1992-94 rested on the issue of local government, future economic and social progress in South Africa depends mainly on the performance of our cities.

## 6.2 Mike Reid: Metropolitan Governance – the New Zealand Experience

New Zealand is a parliamentary democracy and unitary state comprising approximately 4.1 million inhabitants. It has a single level of local government which consists of two types of local authorities, territorial authorities and regional councils.

- The 12 regional councils are primarily responsible for regional environmental planning and policy with a focus on air and water quality. Some regional councils also manage bulk water supplies, public transport funding and regional parks.
- The 73 territorial authorities are either city councils (urban areas with a population in excess of 50,000) or district councils (rural areas or councils with large areas within their boundaries). Territorial authorities are responsible for local services such as water, waste water, local roads, recreation, libraries and community and economic development. Four territorial authorities also have regional council functions and are described as unitaries.

The local government sector as a whole is relatively small by international standards; its expenditure is equivalent to 3.1% of gross domestic product and less than 10% of all public expenditure. Its major and possibly only metropolitan area is Auckland, which accounts for almost 35% of the country's population. New Zealand as a whole is highly urbanized with roughly 84% of the population living in urban areas.

Auckland is recognised as having the most fragmented governance structure in the country. It consists of eight separate local authorities; one regional council; one transport authority and separate authorities to own bulk water and major assets, such as the port. It is also subject to numerous regional planning and strategy documents, many of which have no binding effect. Auckland is currently undergoing a consolidation process to create a single unitary authority which is expected to be completed to coincide with the local authority elections in October 2010.



Above: Mike Reid

### REFORM IDEOLOGY

For more than a century the dominant idea driving the reform of local government has been amalgamation. This has been regarded as the answer to issues of capacity, accountability and devolution and was first promoted by the government in the mid 1890's.

It was not until 1988/89 that systematic structural reform finally occurred with the consolidation of more than 850 multi and single purpose authorities into 86 multi purpose local authorities. Average council size grew to approximately 45,000 inhabitants, despite a large number of small councils with 10,000 or less inhabitants. Reform also introduced new accountability and transparency features, such as annual plans and consultation, as well as New Public Management type changes, including accrual accounting and employment contracts. In the two decades since those changes two further significant reforms have occurred. In 1996 mandatory long term planning, with a requirement to adopt ten year financial strategies and assess the private and public benefits of services, was introduced and six years later new legislation gave councils a power of general competence and required their long term plans to be focused on community outcomes.

A consistent trend since the reforms in 1988/89 has been the decline in representation with the number of elected members dropping, even as populations rise. Councils were perceived to be more like boards in a private sector sense than units of democratic representation. Neither has there been any comprehensive approach to urban governance. Although the 2002-2005 Labour Government appointed a Minister of Urban Affairs the position was located in an environmental ministry and was discontinued at the end of that parliamentary term.

## THE NZ MODEL

The New Zealand local government model is characterised by a general reliance on rates as the primary source of local government income; low levels of central government transfers and high levels of local authority autonomy. Politically it has a “weak mayor” elected at large at triennial elections.

A key characteristic of the reforms over the last twenty years was the introduction of a “one size fits all” approach to governance for New Zealand’s localities and regions, regardless of whether they were rural and dispersed or urban and contained. Structural design reflected a primary concern with clarity of roles and accountability, that is, separating the provider from the regulator, rather than a focus on regional coordination and strategic direction. By limiting regional councils to largely environmental standard setting roles large urban areas, such as Auckland, were severely disadvantaged. The absence of a strong regional entity resulted in a lack of leadership and decision-making around regional issues like transport investment and land use.

Changes introduced with the adoption of a new local government act in 2002 (LGA 2002) provided an opportunity to go beyond the “straight jacket” imposed in 1989 by creating an opportunity for regional councils and territorial councils within their regions, to agree to transfer functions between themselves. Seven years on it has been little used, the most interesting example being the decision by the eight territorial councils in the Wellington region to transfer their economic development and tourist promotion functions to the regional council, which is better aligned with the economic region as well as addressing free rider problems. It follows an earlier example by the Taranaki Regional Council which, with the support of the three district councils in its region, sought parliament’s permission to take over the running of tourist facilities and major stadia. This allowed the council to levy a rate across the whole region for what were essentially regional activities.

While the LGA 2002 has empowered local authorities to vary governance arrangements voluntarily and some variation has begun to occur, the degree to which some regions are reluctant to move beyond their traditional environmental ‘watchdog’ role is notable.

## THE AUCKLAND STORY

Auckland has suffered more than most areas by poorly considered government interventions. As recently as 1992 the Government stepped in to strip the regional council of many of its regional assets and significantly reduced its ability to intervene in regional planning and economic decisions. The result has been a series of voluntary approaches to regional issues, such as managing regional growth through the creation of the Auckland regional growth strategy and more recently the One Plan, which saw the active involvement of government departments and Auckland councils towards the objective of aligning planning documents. The willingness of Auckland’s councils to be bound by these voluntary planning arrangements was one of the factors that encouraged the Government to take a closer interest and intervene.

Central government officials began to take a closer interest in the performance of the Auckland region with the formation of the Government Urban and Economic Development Office (GUEDO) in 2005. The purpose of this office is to:

- Identify and develop Auckland specific policy initiatives that will make a significant impact on Auckland and national economic growth.
- Coordinate a collaborative approach for central government engagement in key regional development forums.

It reflected wider concern at relative modest nature of New Zealand's economic performance and, in particular, the lacklustre economic performance of Auckland, the country's largest urban community. Auckland was regarded as underperforming compared to large cities overseas and a Royal Commission was established by the Government in 2007 to examine whether or not governance structures could be enhanced so as to address perceived under-performance. There was a generally accepted view that infrastructure development had not kept up with city growth resulting in structural inefficiency. The Commission reported to the new National led government early in 2009 and recommended a radical change to the existing governance arrangements:

- Consolidation of eight councils into a single unitary council of 1.4 million inhabitants
- A council of twenty three elected members
- Three seats reserved for Maori, the indigenous people
- Six subsidiary councils which would deliver most services (all staff would be employed by the metropolitan council)
- A directly elected Mayor with some executive powers i.e. the power to appoint committee chairs
- A social issues board to coordinate all central government social spending in the new city
- A Minister for Auckland and Cabinet committee on Auckland
- A long transition period.

Within days the Government chose to bypass many of the Commission's recommendations and came out with its own scheme. While sticking with the large unitary council the Government considered that six local councils were too few to allow meaningful engagement with citizens and as suggested that a more effective number would be between 20 and 30. The task of defining ward and local board boundaries was given to the Local Government Commission (a government appointed quango) which has recommended 19 local boards. Other defining features of the Government's alternative plan for Auckland involve the establishment of seven Council Controlled Organisations (essentially council owned companies) to oversee major services such as roads and public transport, economic development and water. The new council is to take effect immediately after the local authority elections in October 2010. The Government decided not to proceed with the recommendation for three Seats for Maori, a particularly controversial decision.

The role of the local boards has been a defining feature of the discourse around the new Auckland Council and the Government has committed itself to ensuring that the boards will have decision-making powers. The exact extent of these powers, however, has been given to a transitional authority to determine. The exact nature of their powers, role and relationship to the Auckland Council is yet to be fully resolved and poses a design challenge to legislators.



## CONCLUSION

Questions have been raised as to whether or not the new Auckland governance arrangements will be a template for other metropolitan areas or a unique response to the situation of the Auckland authorities. The Government's immediate response has been to say let's wait and see how Auckland works out.

Despite this its readiness to undertake major reform in Auckland has encouraged councils and organisations throughout New Zealand to question their existing governance arrangements with a growing number of requests for consolidation and the creation of further unitary authorities. The Government, however, has signalled an unwillingness to look at further changes in this current parliamentary term, other than changes that occur as a result of the existing statutory mechanisms for assessing consolidation proposals – and despite a number of attempts no consolidation proposal has been successful in the last twenty years.

### 6.3 Peter McKinlay: Insights from Restructuring in the Auckland Region

#### INTRODUCTION

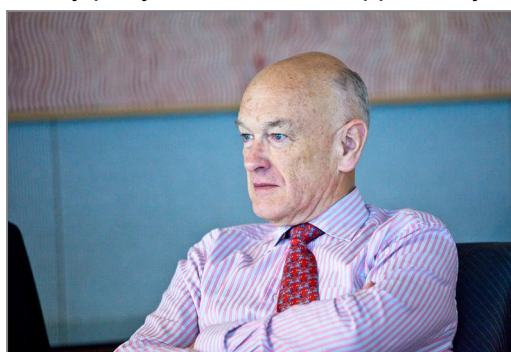
The New Zealand government is partway through a process of restructuring local government in the Auckland region. Auckland is New Zealand's only major metropolitan centre and with a population approaching 1.5 million people has approximately one third of the country's total population and also represents approximately one third of the country's economy.

The process began under a previous government with the establishment of a Royal Commission of Inquiry into the future governance of Auckland. The emphasis was very much on enhancing the region's capacity to take decisions on major regionwide strategic issues - spatial planning and regional land transport among them.

The election of a new government at the end of 2008, not long before the Royal Commission reported, changed the emphasis. As well as the focus on region-wide decision-making, the new Minister of Local Government, who comes from a minority party, has taken the opportunity to focus on what he regards as efficiency improving initiatives across the whole spectrum of local government within the region.

Currently Auckland local government comprises seven city or district councils, each responsible within their area for services such as infrastructure (the three waters; local roads), local arts, culture and recreation facilities, local regulation, local planning and community and economic development (but not funding, design or delivery of social services); and a single regional council responsible for overarching environmental management, including setting the planning frameworks within which local plans are developed, regional land transport planning, air and water quality and regional parks.

The government's proposals will replace the eight councils with a single council responsible for all local government services across the Auckland region. The community or local level will be the responsibility of some 19 local boards with no separate legal status (in formal terms they will be part of the Auckland council itself). Local boards will have decision rights over non-regulatory matters to the extent that the Auckland Council determines that they have no implications beyond the boundaries of the individual boards themselves.



Above: Peter McKinlay

The Auckland Council will be the sole employer of staff, the sole rating authority, the sole asset owner and the sole deliverer or enabler of the delivery of services. It will determine the amount of funding available within individual local board areas to fund those service delivery issues over which local boards have decision-making power.

The structure is without parallel internationally. It is specifically based on the assumption that scale will promote consistency and efficiency in the delivery of services.

The Auckland Council will be comprised of a mayor elected at large on a first past the post basis, together with 20 councillors elected from wards - four from one member wards and 16 from two member wards. Each local board is entirely within the boundary of single ward.

The Mayor has greater powers than New Zealand mayors generally, but lesser powers than executive mayors in Europe or North America. The Mayor is to lead the development of council policies, plans and budgets for consideration by the council as a whole; may appoint the deputy mayor and committee chairs, establish committees of the Council (with the implication that this includes writing their terms of reference), and is to establish processes and mechanisms for the council to engage with the people of Auckland.

The great majority of council activity will be undertaken through a series of what are known as council controlled organisations: arm's-length entities constituted either as companies or as trusts, and with directors or trustees selected on the basis that they are 'fit for purpose'. The council will have oversight powers including agreeing what is known as the statement of intent which spells out what activities and how the CCO will undertake.

The dramatic nature of the changes, including the shift from autonomous bodies for providing community level local government, to bodies which in many ways are dependent on the parent council, has provided a unique opportunity to focus on the meaning and purpose of local government, and how it relates to the communities it serves.

This paper provides a brief overview of a number of the issues which are being highlighted by consideration of the Auckland restructuring and how it is likely to operate, especially in the post-global financial crisis context of fiscal stress on higher tiers of government. First, however, it provides brief background on structural change in New Zealand local government.

## BACKGROUND

For much of the 20th century, local government in New Zealand was small and extremely fragmented. Successive central governments sought to bring about change but invariably were defeated by a combination of New Zealand's short parliamentary term (three years) and local interests who typically were influential in both of New Zealand's principal political parties.

This changed with the election of the 1984 Labour government which began a program of very far-reaching public sector and economic reform. Most of its first term was focused on the central government public sector, and broader economic reform. In its second term it was strongly committed to re-forming local government. The basic ideological framework was what is known as 'public choice theory'. The purpose was to create efficient and transparent local government.

Over a very short period of time some 200 territorial authorities, and 600 special-purpose authorities, were reorganised into 12 regional councils (primarily responsible for environmental management) and 74 territorial local authorities responsible for local service delivery.

Structural change was accompanied by significant legislative change including requirements for:

- Accrual accounting.
- A governance management split, with the council role being broadly defined as policy, and the local authority chief executive becoming the sole employer, with the responsibility for implementing policy. One purpose was to keep elected members out of interfering in the day-to-day operation of councils.
- A requirement for long-term financial planning with an implicit focus on comprehensive asset management planning.

Local authorities were also given the power to establish what were originally known as local authority trading enterprises - local authority owned companies - with wide-ranging powers. These powers have matured. Councils have wide discretion to establish arm's-length entities to undertake commercial or non-commercial activity.

## OVERVIEW – INSIGHTS FROM THE AUCKLAND EXPERIENCE

The fact New Zealand's local government structure has been based on a relatively clear set of principles designed to result in 'efficient' local government, coupled with local government's long history of non-involvement in significant social service funding or delivery, has resulted in the Auckland restructuring providing a very useful laboratory for considering a number of the more fundamental questions about the role and function of local government. We have selected six areas for comment:

- The culture of structure.
- The role of the elected member.
- Fragmented metropolitan governance.
- Enabling/facilitating the delivery of social services.
- The place of arm's-length entities.
- Economic development.

### ***The Culture of Structure***

The restructuring in New Zealand local government generally in 1989 was, as noted, intended to produce more efficient local government. There was (and still is) a strong view within New Zealand that the best way of increasing efficiency within local government is amalgamation. The small size of New Zealand councils at the time gave more support for this view than would be warranted now. There was a very real belief that performance could be improved by mimicking what happened in the corporate sector - separation of governance and management; small rather than large governance bodies; accountability based on improved financial information; professional management charged to deliver the services and outcomes the community required.

The restructuring took place before widespread interest in public consultation and more importantly public engagement became general. At the time there was still a belief that democratic accountability should be exercised once every three years through the ballot box, rather than informally and on an almost daily basis through the interaction between elected members and citizens.

Structural arrangements were designed to facilitate this view of local government. In particular, New Zealand's local authorities became, on average, larger than is generally the case in many jurisdictions, especially in Europe. Associated with this, representation - the ratio of residents to elected members, worsened dramatically. It is now not uncommon for the ratio to exceed 10,000:1.

From the early 1990s, there have been a number of attempts to improve the level of engagement between local authorities and their citizens, including statutory requirements for consultation which are gradually becoming more extensive - essentially requiring local authorities to make public the details of proposals they intend to adopt, and provide time for people to make written and if they wish oral submissions. There is a widespread belief, based on experience, that this process tends to be more honoured in form than in substance. In the December 2009 issue of *Public Sector*, the Journal of the New Zealand Institute of Public Administration, David Shand who was a member both of the Independent Commission of Inquiry into Local Government Rates, and of the Royal Commission on Auckland Governance observes, based on the many submissions he considered in those two roles, "consultation is generally perceived by citizens as a waste of time and not done genuinely".

Standing back and looking at the proposals for Auckland, and considering them against that general citizen perspective, it is hard to escape the conclusion that the fundamental problem is an inherently structural one. The New Zealand reforms created local government entities which were designed around the (hoped-for) efficient delivery of local government services, rather than around community engagement and the genuine representation of citizen interests. Despite many efforts to overcome the perceived failings of the consultative process, the New Zealand experience suggests that it is extremely difficult to refocus entities designed around the requirements for efficient service delivery back on community engagement and genuinely understanding and representing citizen interests. It simply does not appear to be part of the DNA of council organisations, especially when one of the design criteria has been separating policy and management so that elected members cannot have any direct involvement in how the council actually delivers services.

### ***The Role of the Elected Member***

In some respects, this is a different but related dimension of the culture of structure. It is an issue which has been highlighted by public debate over the future structure of local government in Auckland.

One of the strongest themes in public submissions to the Royal Commission was the need to put the 'local' back into local government - the concern that citizens simply did not have the ability to influence council decisions. It has highlighted the issue of the role of the elected member - is it to act as Edmund Burke argued, as the representative of the electorate charged with exercising his or her judgement on behalf of the electorate and not being swayed by public opinion? Is it to act as the informed spokesperson for the electorate - essentially an approach of "I understand this community and know what it requires to meet its needs". Is it a role of facilitating engagement - working with the community and its different interests and acting as advocate/broker on the community's behalf to ensure that its many and different needs are met to the extent it is feasible to do so?

These are not just different approaches in the sense of operating styles. As we are realising in considering different options for the future structure of Auckland's local government (and for that matter other regions within the country), they have significant implications for the way local government itself is structured. The elected member operating within the expectations set by Edmund Burke could serve a very substantial constituency. The informed spokesperson could also serve a large constituency, but probably not so large. If the role of the elected member is to facilitate engagement then necessarily the constituency that member can serve is an order of magnitude smaller.

In metropolitan centres in particular this almost certainly points to a three tier structure of local government. It certainly places a premium on the careful consideration of what is required for the effective performance of the elected member's role, and of ensuring that the ratio of residents to elected members is appropriate to the elected member's expected role. In Auckland, this should mean a ratio in the order of 2000 or 3000:1. As currently proposed, the ratio is closer to 12,000:1 with serious indications for the ability of local boards to perform the role expected of them.

### ***Fragmented Metropolitan Governance***

This is the theme of the round table itself. We take it to refer to the very common situation, typical for example of most Australian state capitals, of the presence of a number of different democratically based entities with often competing and overlapping roles in the delivery of governance to part or the whole of the metropolitan area.

This was seen as very much the situation in Auckland, with one regional Council and seven territorial local authorities competing in the governance space along with the occasional intervention from central government (which, for example, plays a major role in roading). A principal purpose of the restructuring has been the objective of creating the capability to take and implement major regionwide strategic decisions.

Reflecting on the Auckland experience has caused us to wonder whether the issue is correctly described as fragmented governance or whether, instead, it is simply a failure to appropriately specify the level at which decisions should be taken. Some decisions are inherently regional in nature and require a mechanism which enables decisions not only to be taken but also to be implemented despite the probability of resistance from occasionally significant minorities - the obvious example being the NIMBY problem for much of infrastructure development. Other decisions are inherently best taken at the sub-regional or neighbourhood level.

The mere fact that within a metropolitan area there may be upwards of 20, 30 or 40 individual councils with responsibility for delivery of local government services is not in itself evidence of fragmentation. Indeed, many American commentators on local government would argue that a multiplicity of local authorities is an essential element in effect of local democracy; that people have the right to make choices about how they will be governed and choices can only be made if there are a number of different governing authorities.

The Auckland experience, and the reactions against the imposition of a single Council across the entire metropolitan area with responsibility not just for regional but also for much of local decision-making, provides grounds for rethinking the fragmentation issue. It suggests that instead of the implicit conclusion that fewer councils are needed, the emphasis should be on allocating decision rights to the appropriate level and ensuring that those decision rights are effective - here politics obviously come into play, including the reluctance often to accept strong regional decision-making - the contrast between Toronto and Ottawa on the one hand and London on the other is instructive.

### ***Enabling/Facilitating the Delivery of Social Services***

As noted, New Zealand local authorities have only a minimal role in the delivery of social services. Traditionally this has been the role of central government, partly because it owns the tax base required for funding social services, and partly because of long held understandings of the respective roles of central and local government.



The Auckland restructuring has provided an opportunity to rethink those roles in the context of what will best promote the social, cultural and economic well-being of the Auckland region. The Royal Commission in its report highlighted the wide differences in socio-economic status which characterise the region with extremes of wealth and poverty. In considering the relevance of this for the future local governance of Auckland it focused on the targeting and delivery of central government social services and concluded that what was needed was closer collaboration between central and local government. In essence, central government has the money, and the infrastructure for designing and delivering a wide range of social services but it is local government which has the local knowledge, networks and influence required to ensure that services are well matched to need at the micro level.

The Royal Commission proposed an approach which would have amounted to co-management between central government and local government of central government's approximately \$12 billion annual expenditure on social services across the Auckland region. This was rejected by central government but the Commission's reasoning was given some weight with the result that the government has proposed the establishment of a Social Policy Forum chaired by the Minister of Social Development and involving the mayor of the Auckland Council, key councillors, and representatives of local boards to work together in improving targeting and delivery.

This approach has very little to do with ideological perspectives on the appropriate roles of different tiers of government, and a great deal to do with what is effective. It is gaining added urgency because of the global financial crisis and the resultant impact on the fiscal situation of many governments, including New Zealand's. Most governments now face a pressing need to reduce expenditure, or at least reduce the rate at which central government expenditure has been increasing as a proportion of GDP. It is a challenge which is complicated by increasing costs for reasons such as an ageing population, with an increasing real cost per capita in the delivery of an acceptable level of health care.

Cutting services is politically challenging. Finding ways of 'doing more with less' is much more palatable if it can be done. In social services the absolute requirement, if this is to be achieved, is the close local engagement which only local government can provide. In a way, New Zealand is fortunate that this need has coincided with the restructuring Auckland local government so that there is a very real opportunity to think through how best to bring about greater collaboration.

### ***The Place of Arms Length Entities***

Consistent with the emphasis on improving efficiency, New Zealand local authorities as part of the reforms in 1989 and the early 1990s were given the power to establish what were called local authority trading enterprises - local authority owned companies which could undertake for-profit activity. Initially these were used primarily for roading and transport related activities as the result of government regulatory requirements which effectively required that councils either divest themselves of public transport and certain roading related activities, or place them in arm's-length entities.

They have been used for a range of other activities as well, including holding council investments, property development, landfill joint ventures and the provision of professional services.

Councils have also been able to make use of trust structures for the management of the non-commercial activity. No specific legislative authority has been required for these. Instead, councils have been able to use general community development provisions, coupled with normal procurement activities - funding trusts by purchasing services from them.

More recently, the legislative framework has been amended to ensure that it encompasses the full range of council related arm's-length entities. Instead of referring to local authority trading enterprises, the legislation now refers to council controlled organisations, which may be either companies or trusts or indeed other forms of economic entity, and where the Council exercises 50% or more of the voting rights at an annual meeting or has the right to appoint 50% or more of the governance board, council controlled trading organisations (where in addition to council control, the entity is intended to undertake profit-making activity), and council organisations where the council does not exercise control but has the right to appoint some members of the governing body.

New Zealand appears to be more advanced than most other jurisdictions in setting the regulatory framework for council owned or controlled arm's-length entities. Most jurisdictions place their focus on how the local authority gains approval for the establishment of such an entity, rather than on how the entity itself operates once established. New Zealand focuses on how the Council exercises its ownership and/or governance rights once the entity is established.

The local government legislation has followed generally the provisions which the government has in place for the regulation of its own state-owned enterprises, including provisions requiring that directors or trustees are appointed on the base of 'fitness for purpose', and that the entity's activity is conducted in accordance with a statement of intent agreed between the council and the entity. This sets out a range of matters including the business or businesses in which the entity will be engaged, financial and non-financial reporting requirements, performance targets and the like.

The use of arm's-length entities is still relatively random. Many councils and their elected members resist the use of arms length entities because of a belief that they undermine democratic control. Often there is also quite considerable public resistance in the belief that placing a council activity in an arm's-length entity is the first step on the way to privatisation.

Careful analysis suggests that, contrary to belief, the use of arm's-length entities can increase democratic control over the activities involved. The basic reason is that the entity is directly accountable to elected members through processes such as negotiating a statement of intent, and reporting against it. This contrasts with the situation if the activity is part of the general business of the council in which case accountability is filtered through the chief executive and reporting will often not be activity specific.

What does appear to be the case is that most elected members have a poor understanding of corporate governance, and of what is involved in negotiating and monitoring effective performance agreements. This is a serious gap and one which needs to be addressed - amongst other things it raises concerns about the ability of elected members to monitor adequately the performance of core council where often much the same issues arise.

The Auckland restructuring will provide an excellent opportunity to revisit the role and governance of arm's-length entities and their relationship to the parent Council. The government has decided that most of the major service delivery activity of the Auckland council will be undertaken through council controlled organisations. This will place a premium on ensuring effective accountability, and that elected members properly understand what is involved in corporate governance.

It will also provide a very useful opportunity for an in-depth experience based analysis of the contribution which arm's-length entities can make to the difficult combination of efficiency in service delivery and effectiveness in meeting the community's needs.

### **Economic Development**

One objective behind the government interest in restructuring Auckland's local government is the improvement of the economic performance of the Auckland region. Currently by comparison with its peers internationally, Auckland substantially under-performs. Economic development will be an important focus for the new council.

The activity is to be undertaken through a council controlled organisation with governance selected on a 'fit for purpose' basis and a statutory prohibition on elected members being appointed to the governing board. This reflects a belief that although local government has an important role in facilitating strategic economic development, typically elected bodies will lack the necessary experience and skills to identify and bring about the transformational changes required to achieve a step change in the rate of economic growth.

The Auckland Council, and the economic development CCO, will be exploring important issues in the relationship between structure, governance and commitment. Historically, in New Zealand, it has been difficult to get the effective engagement of the senior business community in economic development activity. Business people have often been prepared to take a role in the governance of what we term economic development agencies, but have seldom brought to that role the full engagement and commitment of the businesses they represent. Often this has been because the relationship between economic development agencies and councils has been seen as placing them too much under the umbrella of the council, so that they have been perceived as bureaucratic rather than entrepreneurial.

New work in New Zealand is emphasising the complementary roles of local government and the business sector (and for that matter other stakeholders) in strategic economic development. There is an emerging view that good economic development agencies are based on a combination of:

- Governance from the private sector (which can include the third sector and indigenous peoples) based on significant investment by the senior business sector - and ideally with the consequence that the economic development agency is seen as an integral part of businesses' strategic planning.
- Contract-based funding from local government specifying the higher-level outcomes which the community seeks.
- Effective integration with the local authority's long-term strategic planning especially in areas such as infrastructure.

The establishment of Auckland's economic development CCO is expected to provide valuable experience on how to move from what has been typically a business support function to one which is truly a strategic economic development function.

### **CONCLUSION**

The Auckland restructuring is providing a very useful laboratory for testing a number of understandings about the role and function of local government and its relationship to higher tiers of government on the one hand and its communities on the other.

It provides a learning opportunity which we expect to be of value in other jurisdictions, especially in developed countries, which are themselves considering how best to deliver effective governance in a metropolitan environment.

## 6.4 Dalbir Singh: Metropolitan Governance in India

### BACKGROUND

- During 1901-2001 urban population increased from 30 million to 300 million (28%) accompanied by radical demographic changes.
- With 5200 towns, India's metro cities (more than one million) grown in two decades from 23 to 35 and metropolitan cities (more than 10 million) from 4 to 7.
- Mostly metropolitan cities are agglomerations of many local bodies with independent jurisdiction within spatially contiguous urban growths.
- Interdependencies amongst urban and rural entities manifest in economic linkages among establishments such as commutation, social interaction, markets, sharing of environmental resources and infrastructure transcending individual spatial jurisdictions
- Functional and social linkages call for integrated planned development and coordinated delivery of urban services and complex organizational collaborations



Above: Dalbir Singh

### RECENT INITIATIVES TOWARDS REFORM

- Mediocre delivery of services by Municipalities because of population explosion and rural to urban migration led to emergence of Urban Development Authorities in the 1980s as special purpose vehicles with different governance structure and mandate to enhance efficiency.
- However adequate emphasis was not laid down on creating coordinating institutions with a larger jurisdiction and to allow these organizations to take care of regional planning and development issues.
- Through Landmark 74<sup>th</sup> Constitutional Amendment, 1992, Urban Local Bodies received constitutional recognition as the third tier of governance providing political, functional and financial empowerment at the grass root level with specific jurisdiction on 18 items of welfare and developmental functions.
- Act also provided for formation of metropolitan committees for individual metropolitan areas comprising of two or more municipalities, District Planning Committees and Ward Committees for Municipalities with more than 3 lac population.
- Recognising the strategic importance of metropolitan cities as dynamic engines of economic growth, some states have responded positively to create, constitute, and function the MPC in the spirit of CAA, 1992.
- Scope also exists for improving metropolitan urban governance by establishing metropolitan authorities or by expanding the jurisdiction of already existing urban development authorities and by enhancing their role.

## GOVERNANCE STRUCTURE IN DELHI

- National Capital Territory - population 17 million; area 1483 sq km
- Three local government units: Municipal Corporation of Delhi (MCD), New Delhi Municipal Committee and Cantonment Board
- MCD established 1957, decentralized in 12 zones in 1963. Covers 94.2% area and 97% population, has 134 wards (Councillor elected for each) with Commissioner appointed by state government as administrative head. MCD has 39 committees for efficient functioning including 11 ad hoc committees.
- New Delhi Municipal Committee established 1994. Covers 4% area and 2% population). Services federal government offices, Parliament and other VIP areas. A totally nominated body chaired by an official appointed by federal government. It has on its committees 3 MLAs, 5 bureaucrats and two eminent citizens besides local MP as special invitee, constituted in consultation with Chief Minister of the State.
- Cantonment Board established 1924. Covers 1.8% area to service defence establishments.
- Union Territory of Delhi upgraded to state in 1992 with legislature of 70 members, but not at par with other states as law and order and land jurisdiction remain under Lt. Governor
- Receives 65-70 million USD from consolidated Central Fund and 42-45 million USD assistance annually. Collects 2.5 billion USD from sales tax, excise, luxury tax and stamp duty (10% allocated to local bodies).
- MCD has responsibilities for internal roads, sanitation, primary education, health care and slum development; State Government for secondary education and specialty health care, major roads and other development through line departments and parastatals.
- **Parastatals:**
  - **Delhi Development Authority:** Most important parastatal with mandate to formulate master plans, acquire, hold, manage and dispose off land and other property for various development projects
  - **Delhi Urban Arts Commission:** Nominated by Central Govt. for reviewing major development projects from spatial planning, architecture and heritage point of view
  - **Delhi Jal Board:** Headed by CM; responsible for water supply
  - **Other parastatals:** Delhi Tourism Development Corporation, Delhi Transport Corporation (**has record of running largest number of public transport vehicles on CNG mode in the world**), Delhi Finance Corporation, Delhi Minorities Finance Corporation and Delhi State Industrial Development Corporation
  - **Delhi Vidyut Board:** Distributes electricity through private company
  - **Delhi Metro Rail Corporation:** Set up in 1996 with 50% equity each of Central Govt. and Delhi Govt. Great success story. In six years it has ferried more than one billion passengers and connected three towns in adjacent states with 300 Km of track in record time.



- **Bhagidhari Scheme** – Government-citizen partnership (UN Award in 2005 for Improving Transparency, Accountability and Responsiveness in the Public Service). Bhagidhari involves 2100 groups including NGOs and CBOs representing nearly 4 million people for activities such as solid waste management, rainwater harvesting, development of community parks, greening and plantation, Gender Resource Centres and social audit of public services.
- **National Capital Region Board** – established 1985, covers 33,578 sq km (Haryana, UP and Rajasthan) to address effectively the problems of Delhi and suburban areas with regional perspective. It is enacted by federal law and includes chief ministers of participating states and representatives of federal government. The Board mobilizes and administers a fund which is given as loan for the execution of projects of regional importance.

## GOVERNANCE STRUCTURE IN KOLKATA

- First Corporation, established in 1876. New Kolkata Corporation Act enacted 1980.
- Cabinet System municipal government with Mayor-in-Council system.
- Corporation has 141 wards with a councillor elected by each. Mayor elected by councillors. He appoints a Deputy Mayor and 10 other councillors as members of Mayor-in-Council. Mayor is executive Head of Corporation.
- Commissioner (chief bureaucrat) appointed by state government but answerable to the Mayor (unlike other cities).
- Oldest and second largest metropolis covering 1854 sq km with 15 million population.
- 41 contiguous urban local bodies (3 Municipal Corporations and 38 Municipalities), and 100 surrounding rural bodies.
- **Kolkata Metropolitan Development Authority (KMDA)**
  - Formed under Presidential order – 1970. Statutory planning and development authority for Kolkata Metropolitan Area (KMA).
  - A large number of challenging projects have so far been executed by KMDA covering different sectors of infrastructure. KMDA has been designated as the nodal agency for implementation of the federal government's sponsored flagship scheme 'Nehru Urban Renewal Mission'.
- **Kolkata Metropolitan Planning Commission**
  - First MPC in the country constituted in 2001. Provides for preparation of development plans for the metropolitan area as a whole by consolidating development plans of its corporations, municipalities and village councils.
  - 2/3rd of KMPC members (40) elected by members of 41 municipalities and around 100 chairpersons of Village councils, 1/3rd Committee (20) members made up of the nominated representatives of the Govt. of India, the State Govt. & organizations related to Urban Development & Infrastructure.
  - KMPC provides a participatory & democratic platform for Metropolitan Planning which till 2001 was domain of experts & administrators.
  - KMPC deals with critical matters such as formulation of Metropolitan vision, Capital investment and Metropolitan level advocacy.
  - Responsible for preparing perspective plans (25 years), draft development plans (5 years) and annual Plan for Implementation.

- Corporations and Municipalities responsible for day to day services - water supply, sanitation - may also be entrusted with smaller developmental projects.
- Inter-municipal projects and large infrastructure projects of metropolitan significance are planned and executed by KMDA.
- KMDA receives grants from consolidated fund of India & also takes loans from financial institutions.
- KMDA & KMPC have evolved positive working relationship.
- During last two decades Kolkata Municipal Corporation with its Mayor in council system has stabilized and survived political changes.

## ANALYSIS OF INDIAN MODELS

Most Indian cities follow structure that has the features of Weak Mayor-in-Council System fabricated with Commissioner-led Administration. This has cast a weak Mayor playing marginal role in shaping the city development, planning and operations. On the other hand, the commissioner, who is a civil servant appointed by the State Govt. can wield much greater power and control over city's planning, resources, development and operations. This inevitably results in a power tussle between the two, especially when the party ruling at State Govt. is different from the one that is ruling the city, as experienced for a long time in Mumbai, Chennai and Delhi. Kolkata's mayor-in-council model is an exception that has been working well so far, but it is yet to withstand the political antagonism between the tiers. The parastatals on which the Delhi Government heavily relies have been fairly responsive.

## CURRENT CHALLENGES

- Inflexible and rigid bureaucracy: there is critical need to simplify procedures and cut red tape
- Galloping growth of population in cities
- Radical migration of population from rural segments to urban areas
- Critical need for harmonising equity and development.
- Need to shift the traditional rural bias of the Government and the planners by also developing adequate focus on urban/metropolitan governance
- Critical shortage of fundamental infrastructure
- Proliferation of slums in metropolitan cities
- Outdated laws and regulatory statutes relating to supply & utilization of land and housing.
- Poor access to micro finance and mortgage facilities for low income groups.
- Critical deficiencies of services in water supply, transportation and power segments.
- Lack of modern planning framework
- Lack of Coordination between multiplicities of civic agencies.
- Deterioration in urban environment affecting public health and productivity.
- Inadequate internal resource generation by the Local Bodies leading to dependence on upper levels of the Government.
- Lack of administrative & financial empowerment of urban local bodies.

## THE WAY FORWARD

To meet challenges arising out of swift urbanization and proliferation of cities and for appropriate innovative and creative planning, some planned management interventions are suggested as under:

- UIDAI (Unique Identification Authority of India) card will be a boon to distinguish migrants from the local inhabitants. It would decrease pressure of floating population.
- E-governance: With strong IT background, it is easy to switch over to e-governance for modern and transparent accounting and management systems which can be customized for better delivery of services and governance functions.
- PPP: Encouragement of public-private ventures particularly for infrastructure projects. Additional fiscal incentives for private players may be considered.
- Collaboration of Government with civil society /citizen groups and CBOs
- Development of satellite towns - Sub cities may be created on the periphery to reduce the burden of housing, medical and education facilities.
- Training and capacity building: Both Federal Government and State govt. Should facilitate upgradation of skills, using reputed institutions for capacity building.
- Strengthening of ULBs – The Federal Govt. through 11th Five-year plan has reaffirmed its commitment to inclusive growth through inclusive governance and accordingly has incorporated full chapter on governance and decentralization which lays emphasis on empowerment of ULBs.
- Nehru Urban Renewal Mission: To support reform driven fast track development, to improve efficiency in urban infrastructure and upgrade fundamental amenities to the urban poor.
- Upgrading of technology
- Comprehensive policy for use and management of urban Land.
- Even if another constitutional amendment is required to enforce devolution of power to the urban local bodies, the federal government should not hesitate to do so.
- Networking with NGOs, CBO's and private sector for planning, management and maintenance.
- People's participation in preparation of policies, perspective plan, development plan and annual plans should be ensured through elected representatives in the Municipal council/corporation and ward committees.
- Plans must have flexibility to provide for ever-growing and ever-expanding boundaries of metropolitan areas.

## DEBATABLE ORGANIZATIONAL ISSUES

- **The Mayor should be ceremonial or executive head of a city government:** There can be no accountability without authority; related to this is also the question of tenure. It varies from one year to five years in India.
- **Problem of multiplicity of authorities:** Tasks to be performed are highly varied, they require different actors and different structural formats. While some congruous functions can be grouped as municipal, many other services are inter-municipal and metropolitan in coverage especially transport, electricity, rail and air connectivity etc.
- **How relevant and frozen are municipal boundaries?-** Spatial growth is inevitable with development of economy. So are agglomerations. Indian experience confirms that it is not possible to provide for governance through a single, unitary and comprehensive municipal framework.
- **Accommodation of interests of a provincial or a national government in metropolitan management:** No state government is willing to give up control of a metropolitan area. The fear of large cities leadership is perceived as threat to state and national leadership. There is reluctance by state governments to devolve control over a metropolitan area because of enormous financial and political clout that urban land and real estate operations carry.
- **How does one ensure proximity of citizens to elected representatives?** The composition of ward committees and the manner of their appointment are left to the state governments. Only in a few states ward committees system has been adopted.
- **Who should claim the metropolitan political turf?** There is persistent dichotomy because of conflict of vested power interests between the leadership of local bodies and members of parliament/legislative assemblies.

## CHARACTERISTICS OF GOOD METROPOLITAN GOVERNANCE

- **Strategic vision:** Leaders and the public have a broad and long term perspective on good governance and human development, keeping in view the historical cultural and social complexities in which that perspective is grounded.
- **Participation:** Stakeholders should have a voice in decision making, either directly or through legitimate intermediate institutions that represent their interests.
- **Rule of law:** Legal frameworks should be fair and enforced impartially.
- **Responsiveness:** Institutions and processes try to serve all stakeholders.
- **Transparency & Accountability:** Decision makers in government, the private sector and civil society organisations are accountable to the public; as well as the institutional stakeholders.
- **Consensus orientation:** Broad consensus among several actors representing divergent interests and viewpoints.
- **Efficiency:** Optimum and sustainable use of resources.
- **Inclusiveness and equity:** To ensure that the most vulnerable do not feel excluded from the mainstream and costs and benefits of services are shared fairly.
- **Subsidiarity:** Services must be delivered by the most local level that has sufficient scale to reasonably deliver them.

## IMPORTANT METROPOLITAN GOVERNANCE INDICATORS

- **Decentralization:** Autonomy of financial resources, capacity of local government to raise resources from market without approval from high level of Govt. and power of local government to decide use of local resources and predictability of inter-governmental transfer.
- **Planning and predictability:** Openness of procedures for contracts/tenders for municipal services, annual budgeting, percent recurrent resources for Pvt. Sector/CBO, transparency of local taxation and consistency/regularity of local mayor elections.
- **Empowerment:** Existing participatory processes, group equity in participatory, planning and decision making, Legal entitlement to different assets to all categories of people, Self determination of groups in relation to resource management, addressing of gender issues and civil freedoms and incorporation of excluded groups in consultation process.
- **Effectiveness:** Consumer satisfaction (Service/complaints), clarity of procedures, regulation and responsibilities, capacity for delivery of services (including spatial coverage), and income and expenditure of local govt. per capita, legislated local government functions, access of public to stages of policy cycle, percentage of population benefited by services and equity in tax system.
- **Private Sector and Civil Society:** Extent of civil society organizations, interface between the local government institutions and NGOs/CBOs and effectiveness of social audit and monitoring.

## 6.5 Enid Slack: Metropolitan Governance in Canada

### WHY GOVERNANCE MATTERS

How metropolitan areas are governed (including the role of local and regional governments, provincial/state and federal governments, civil society, business associations, and non-profit organizations) is important because it:

- affects their ability to coordinate service delivery across municipal boundaries;
- affects their capacity to deliver and pay for services and the efficiency with which they can deliver services;
- influences their ability to share costs throughout the region in a fair and efficient way; and
- has an impact on citizen access to government (the degree to which citizens are involved in decision-making) and government accountability to citizens (how responsive the city is to their demands).



Above: Enid Slack



## GOVERNANCE MODELS

There are examples of each of the following governance models in Canada:

- **One-tier government model with fragmented local government:** In a one-tier fragmented government model, a metropolitan area has a large number of autonomous local government units or special purpose bodies each delivering services within their own boundaries.
- **One-tier government model with consolidated local governments:** Under the one-tier consolidated government model of urban governance, a single local government is responsible for providing the full range of local services and has a geographic boundary that covers the entire urban area. Large single-tier governments have generally been formed by *amalgamation* (the merger of two or more lower-tier municipalities within an existing region) or by *annexation* (appropriation of a portion of a municipality by an adjacent municipality).
- **Two-tier government model:** The two-tier government model consists of an upper-tier governing body (usually region, district, or metropolitan area) encompassing a fairly large geographic area and lower-tier or area municipalities (including cities, towns, villages, townships etc.). The upper tier provides region-wide services characterized by economies of scale and externalities (such as transportation, land use planning, and solid waste disposal) whereas the lower tiers are responsible for services of a local nature (for example, local parks).
- **Voluntary cooperation (including special purpose districts):** Voluntary cooperation involves an area-wide body based on voluntary cooperation between existing units of local government but has no permanent, institutional status.
- **Role for senior governments:** The national or provincial/state governments can take over the provision of local services such as regional planning and regional economic development. They could also facilitate inter-municipal agreements to improve the coordination of services such as water, waste management, and transit. This coordination function could be done through **a national or provincial/state ministry or department.**

## ADVANTAGES AND DISADVANTAGES OF GOVERNANCE MODELS

- **One-tier fragmented model:** The advantage of small, fragmented local governments is that they are more accessible, accountable, and responsive to local citizens. The opportunities to address spillovers, achieve economies of scale, or coordinate service delivery across the metropolitan area are limited, however. Fragmentation creates a policy environment in which metropolitan-wide consensus is difficult to achieve in areas such as economic development, environmental quality, social and spatial disparities, equitable funding of services, and quality of public services throughout the region. Small, fragmented single-tier governments often engage in voluntary cooperation and participate in special purpose districts that cover the metropolitan area, however.
- **One-tier consolidated model:** The main advantages of a one-tier consolidated model are better service coordination, clearer accountability, more streamlined decision-making, and greater efficiency. Large one-tier governments can take advantage of economies of scale in service provision. Municipal amalgamations internalize externalities. For example, rural residents outside of the original municipal boundary have to pay for urban services that they use. Furthermore, there is funding fairness in the provision of services because there is a wider tax base for sharing the costs of services that benefit taxpayers across the region. In terms of disadvantages, a large-scale one-tier government may reduce access and accountability because the jurisdiction becomes too large and bureaucratic. To overcome this problem, in some cases community councils or committees have been established to address local issues, or satellite offices have been

set up across the municipality where people can pay tax bills, apply for building permits, pay fines, or access city services. Such devices may increase accessibility (if not accountability) but they may also offset potential cost savings that might otherwise result from a larger government unit. Amalgamation also reduces competition between municipalities, weakening incentives to be efficient, to be responsive to local needs, and to adapt to changing economic conditions. The reduction in competition may reduce efficiency in the delivery of services and again result in higher costs.

- **Two-tier model:** Two-tier systems have advantages in terms of accountability, efficiency, and local responsiveness. The upper tier can deliver services that can have economies of scale and externalities; the lower tiers can deliver local services and be locally responsive. Critics of the two-tier model, however, argue that costs are higher because of waste and duplication in the provision of services by two levels of government. Furthermore, two-tier levels of government are less transparent and more confusing to taxpayers who cannot figure out who is responsible for what services.
- **Voluntary cooperation:** Voluntary cooperation is an alternative way of providing services across a region without resorting to amalgamation. Voluntary cooperation preserves local autonomy, diversity, and the distinct identity of member municipalities. Municipalities can retain their autonomy with respect to expenditure and tax decisions but, at the same time, achieve economies of scale in service delivery and address externalities associated with service provision. There can be problems of accountability, however, when services are provided by another jurisdiction. Redistribution throughout the metropolitan area is not automatic in a system of voluntary cooperation but could be agreed upon by the municipalities involved. The voluntary model can work well when policy objectives are shared by all policy-makers in the various local governments. Thus, there would be no need for any additional institutional arrangements. It may not work so well, however, when there are divergent objectives.
- **Role for senior governments:** Although provincial/state or national takeover of regional services may effectively address the provision of services that exhibit externalities, the provision of services by a senior level of government also raises concerns about local responsiveness. It may be less appropriate for a senior level of government to provide services because it is further removed from local residents, making it difficult to determine the quality and quantity of output to provide in each municipality. Senior levels of government are likely to be less responsive and less accountable to local residents than a local government.

## RATIONALES FOR MUNICIPAL RESTRUCTURING

- **Achieve cost savings:** By reducing the number of governments, it is assumed that cost savings can be achieved. In reality, these cost savings do not materialize because of the harmonization of wages and salaries as well as service levels to the level of the highest expenditure municipality.
- **Curb urban sprawl:** Expanding municipal boundaries allows the municipality to address planning concerns outside of its original boundaries.
- **Redistribute wealth across municipalities:** Some municipalities cannot provide an average or standard level of service at an average or standard tax rate because their costs and needs are higher and/or their fiscal capacity is lower. Restructuring to include rich and poor municipalities allows all municipalities to provide an average level of service at an average tax rate.
- **Eliminate inter-municipal conflict:** It is assumed that, by amalgamating municipalities, inter-municipal conflict will be reduced. Unfortunately, this conflict often remains.
- **Compete in the new global economy:** Larger municipalities are more able to compete on the international stage.

## CRITERIA TO EVALUATE GOVERNANCE MODELS

- Efficiency
  - Ability to achieve economies of scale
  - Ability to reduce negative spillovers (externalities) across local boundaries
- Equity: ability to share costs and benefits of services fairly across the metropolitan area
- Accessibility and accountability for decision-making
- Local responsiveness/competition
- The optimal design of government structure depends on which criteria are to be satisfied. Three criteria (economies of scale, externalities, and equity) lend themselves to large government units over an entire metropolitan area; other criteria (local responsiveness and accessibility and accountability) point towards smaller government units. The challenge is to find the right balance between those criteria that are based on economic efficiency and those criteria that are based on responsiveness and accountability.

## TORONTO CASE STUDY

- 1954: two-tier government (metropolitan tier plus 13 lower-tier municipalities)
- 1967: number of municipalities reduced from 13 to 6 through amalgamations and some functions transferred from lower tiers to upper tier (e.g. policing)
- Early reviews applauded success of two-tier structure. It resulted in the redistribution of the wealth of the central city to the suburbs to provide infrastructure; coordination of land use planning and transportation across the region; and allowed the lower tiers to be responsive to local needs
- 1988: direct election to metropolitan government
- Concerns were expressed in the 1990s about the ability of the Metro government to address issues arising from growth in suburban municipalities outside its borders. Concerns were also expressed about overlapping responsibilities, confusion, and uncertain accountability in a two-tier structure.
- 1998: amalgamation of metropolitan level of government and lower-tier municipalities with a single-tier city (with community councils)
- 1999: Greater Toronto Services Board (GTSB) was created: comprised of elected officials from each of the municipalities in the GTA; no legislative authority except to oversee regional transit; not designed to be a level of government; no taxing authority; disbanded in 2001
- 2000s: increased provincial role in regional planning (Places to Grow legislation; Greenbelt legislation; Provincial Policy Statement)
- 2006: Greater Toronto Transportation Authority created (now Metrolinx)
- Impact of amalgamation:
  - Better services in poorer parts of the city
  - Stronger role on the national and international stage
  - Higher costs (both transitional costs as well as long terms costs associated with the harmonization of wages and salaries and service levels)
  - Did not address regional issues such as transportation and planning; the province had to step in to address these issues

## VANCOUVER CASE STUDY

- Regional beginnings in the 1900s with the creation of special purpose boards/districts for sewerage and drainage, water, hospitals, and planning
- Regional district system (two-tier, voluntary) for entire province created between 1965 and 1967
- Greater Vancouver Regional District (GVRD), now Metro Vancouver, created in 1965
- Metro Vancouver is governed by a board of directors: councillors appointed by and from 21 municipal councils and representative elected from one unorganized area; weighted voting system applies to budgetary matters; when decisions are about services that only affect one area, only representatives from affected areas vote.
- Operating under Metro Vancouver: Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District, and GVRD; GVRD owns Metro Vancouver Housing Corporation
- Responsibility for transportation and related services was passed from the provincially appointed BC Transit to the Greater Vancouver Transportation Authority (now known as Translink) in 1998; Translink is authorized to raise revenues including taxes, levies, tolls, user fees
- Metro Vancouver does not levy taxes – sends a separate requisition to each municipality for each service; the division of responsibilities between regional and local governments is determined by the municipalities themselves; Is it regional government?
- Metro Vancouver model has been considered to be one of the most imaginative and flexible arrangements found anywhere in the world (Tindal and Tindal, 1995)
- More recent criticisms include:
  - Because all board members are part-time regional politicians, no one speaks for region
  - The system of weighted voting is complex and confusing
  - Accountability is limited
  - Financial circumstances vary among municipalities

## OBSERVATIONS FROM TORONTO AND VANCOUVER CASE STUDIES

### 1. Governance models evolve over time as circumstances change

- Toronto went from one-tier (fragmented) model before 1954 to a two-tier government model from 1954 to 1998 and to a one-tier consolidated government model from 1998 to the present

### 2. The advantages of a consolidated one-tier model include:

- Coordination of service delivery
- Redistribution among rich and poor areas
- More influence with national policy leaders
- More uniform action for urban problems that cross municipal boundaries

### 3. Consolidation does not necessarily reduce costs:

- Toronto provides an example of an amalgamation where the harmonization of wages and salaries as well as the harmonization of service levels resulted in cost increases rather than cost reductions.

**4. Citizen access needs to be built into consolidated government model:**

- Larger city reduces opportunities for citizen involvement
- Community councils or boards increase access but also increase costs

**5. Consolidated cities do not necessarily cover the entire metropolitan region:**

- The amalgamated City of Toronto is too big and too small – too big to be locally responsive and too small to address regional issues such as transportation and land use planning.
- Over time, economic boundaries evolve and change; political boundaries are much more difficult to modify. For this reason, there will likely be the need for some inter-municipal cooperation across municipal boundaries or provincial initiatives to address regional issues.

**6. Provincial (“top down”) planning or service delivery raises questions about local responsiveness and accountability to local residents.**

**7. Voluntary cooperation works where regional government is not possible:**

- Although voluntary cooperation may not be the best model in terms of efficiency or accountability, it may be more achievable than a full-scale metropolitan government in circumstances where a metropolitan area is too big to be acceptable as a political or administrative unit or where local autonomy is paramount and prevents a consolidation.
- It can achieve economies of scale and address externalities (e.g. water/sewerage in Metro Vancouver)
- It preserves local autonomy
- It could be a step to more formal governance model

**8. Voluntary cooperation has problems**

- It lacks a regional perspective
- There is limited accountability
- Cost sharing across the region is limited.

## ISSUES FOR FURTHER DISCUSSION

- What is the appropriate role for each of the three orders/spheres/levels of government in a federation with respect to major cities? Does the Constitution restrict the roles of any of the orders of government? What services and functions should each level be responsible for? How should these roles be coordinated? How should services be funded?
- What is the appropriate governance model for large metropolitan areas where services spill over municipal boundaries? If amalgamation is not possible, how can service delivery be coordinated across municipal boundaries? What mechanisms will make governments responsive and accountable to citizens?
- Are there examples of good governance models in federal countries around the world? How do they work? Why do they work? What is the role of each order of government? How are those roles coordinated?



## 6.6 Ron Vogel: Metropolitan Governance in the USA

### INTRODUCTION: WHAT'S THE PROBLEM?

Different regions face different problems. City regionalism is a state building process. I think it has to be from below, although it can be encouraged and supported from above, particularly with incentives. City regionalism is frequently part of a *world city agenda* promoted by the civic elite to enhance the city's economic competitiveness as part of a global city strategy. We should carefully examine the rationale for city regionalism and recognize that it can have biases in favour of some interests over others. Foremost, we must ask *what is the problem?* We may fixate on a solution, city regionalism, that may not actually address the underlying problem or problems we are concerned with. On the other hand, there are a number of problems that may require a regional approach. In today's world, it is difficult to imagine an economic development approach for a city that does not require at least a regional frame of reference.



Above: Ron Vogel

### Number of Governmental Units by Type: 1962 to 2007

Type of government	1962	1967	1972	1977	1982	1987	1992	1997	2002	2007
<b>Total units</b>	<b>91,237</b>	<b>81,299</b>	<b>78,269</b>	<b>79,913</b>	<b>81,831</b>	<b>83,237</b>	<b>85,006</b>	<b>87,504</b>	<b>87,576</b>	<b>89,527</b>
U.S. government	1	1	1	1	1	1	1	1	1	1
State government	50	50	50	50	50	50	50	50	50	50
Local governments	91,186	81,248	78,218	79,862	81,780	83,186	84,955	87,453	87,525	89,476
County	3,043	3,049	3,044	3,042	3,041	3,042	3,043	3,043	3,034	3,033
Municipal	18,000	18,048	18,517	18,862	19,076	19,200	19,279	19,372	19,429	19,492
Township and town	17,142	17,105	16,991	16,822	16,734	16,691	16,656	16,629	16,504	16,519
School district	34,678	21,782	15,781	15,174	14,851	14,721	14,422	13,726	13,506	13,051
Special district	18,323	21,264	23,885	25,962	28,078	29,532	31,555	34,683	35,052	37,381

Source: U.S. Census Bureau, Census of Governments, Volume 1, Number 1, Government Organization, Series GC07(1)-1, quinquennial; <http://www.census.gov/govs/www/coq2007.html>

Reproduced from <http://www.census.gov/compendia/statab/2010/tables/10s0416.pdf>

### FRAGMENTATION

In the US, the urban problem is often presented as one of fragmentation. As the table above illustrates, the US has a very fragmented system of local government with 89,476. The greatest increase is in the number of special districts. Fragmentation may lead to problems with efficiency, effectiveness, and coordination in providing public services.

### GLOBAL FORCES AND URBAN RESCALING

Territory and politics are being rescaled within nations with evidence of a shift from national to regional and metropolitan levels (Keating 2001, Brenner 2004). There is also a rescaling process within metropolitan cities to create or strengthen metropolitan decision making capacity and to shift downwards more local or neighbourhood services to new or reinvigorated lower units (Denters and Rose 2005, Stoker 2004). At the local and regional levels, this urban restructuring is leading to new governance arrangements for metropolitan areas (Hoffmann-Martinot and Sellers 2005, Savitch and Vogel 2006).

City regions, not central cities or nation-states are the relevant boundaries and jurisdictions for competing in a world economy (Scott 2001). Policy makers at the national and local/regional levels have struggled to adapt to these new realities.

The rescaling of cities is driven by four interrelated factors (Savitch and Vogel 2006). First, globalization of the economy is associated with the rise of global or world cities. The primary unit in the world economy is now city-regions, not nation states. Second, political decentralization and devolution advantage city-regions that are more autonomous by providing greater flexibility to adjust to changing conditions in this rapidly changing world (Jun and Wright 1996). Local officials and businesses are in a better position to identify potential opportunities and determine whether public services and infrastructure are adequate. Third, there is a contraction of the scale and scope of modern state welfare policies in developed countries. This is associated with the emergence of new political culture emphasizing lower taxes and greater reliance on market processes to promote economic development and ensure efficient public services (Clark and Inglehart 1998). This is closely related to political decentralization and privatization. Fourth, rapid suburbanization occurred in cities throughout the world. People are shifting to the periphery of existing urban cores seeking better and more affordable housing not available in the central city. However, the suburbs frequently lack infrastructure and the richness of culture available in the urban core.

Although these external pressures are important, urban restructuring is driven by internal political dynamics. Local and state policy makers have wide discretion in how they respond to these external pressures on their cities.

### **RESCALE FROM CITY TO THE CITY-REGION (METROPOLIS)**

Among the options available are to:

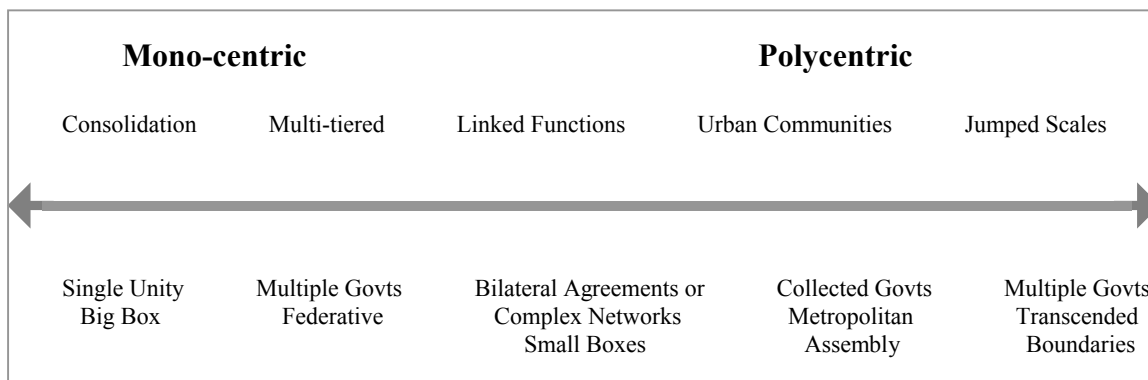
- Combine resources in city and surrounding region,
- Seek to gain economies of scale and efficiencies,
- Share costs of infrastructure,
- Address regional problems (e.g., air pollution, transportation)

Emphasis on governance rather than government:

- New territorial scale makes extending city boundaries impractical (sprawl)
- Increased centralization and hierarchy often inefficient (too long to make decisions, goal displacement, bureaucracy)
- Concern for democracy, equity, political accountability (local autonomy)
- Often evolves on an issue by issue approach

## TYOLOGY OF RESCALING OPTIONS

The options as illustrated in the chart below can range from more traditional consolidation of city and county government to more polycentric forms such as the *urban communities* found in Montreal and France. Each is reviewed below.



### **City-County Consolidation**

In the US, city-county consolidation continues to be viewed as a desirable approach to regionalism.

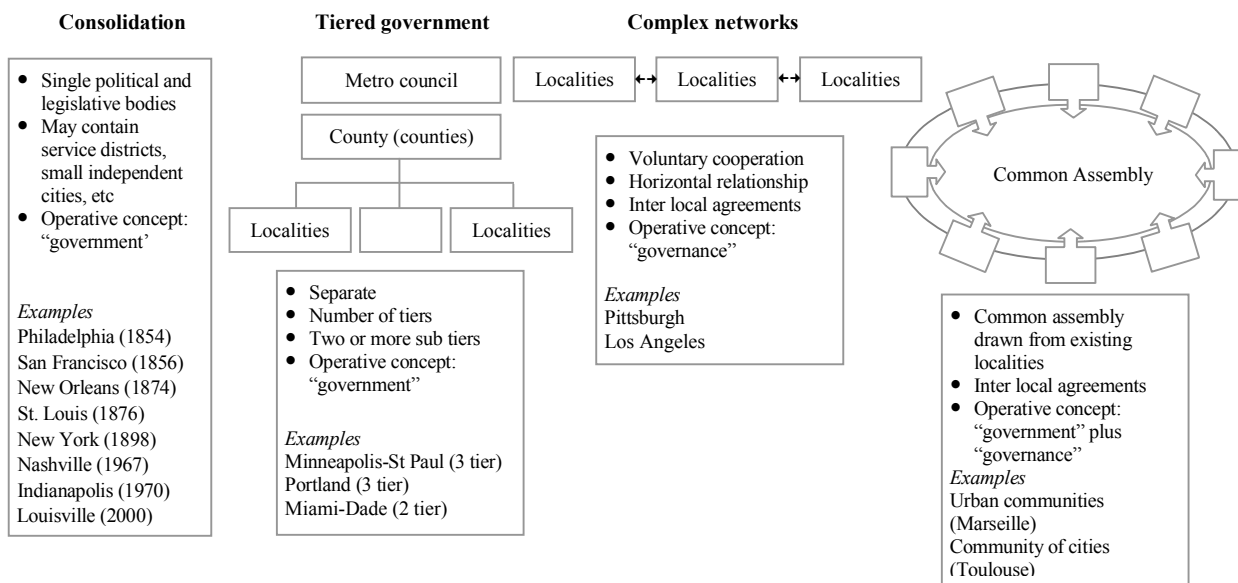
- Antiquated model?
- Advantages: “bigger box” to address problems but offset by change in political constituency
- Disadvantages: political obstacles make unlikely, results in minority dilution, problem of scale

### **Two or Three Tier Metropolitan Government**

- Two-tier: Miami-Dade County set up in the 1950s as a federated model but largely operates as a metropolitan county.
- Three-tier: Minneapolis-St. Paul Metropolitan Council and Portland Metro overlay cities and counties
- Advantages: cover more of region
- Disadvantages: relatively weak and try to avoid antagonizing other governments

### **Metropolitan Governance without Government (complex networks)**

- Inter-local government agreements at state and local level (examples, Pittsburgh, Louisville pre-merger, Charlotte, Los Angeles)
- Metropolitan planning organizations (MPOs), required under federal highway transportation law to set short and long-term transportation plans
- Public-private partnerships (e.g., strategic plan for economic development)
- Advantages: flexible
- Disadvantages: weak regionalism



## NATIONAL ACADEMY OF SCIENCES RECOMMENDATIONS

In 1999, the National Academy of Sciences studied metropolitan governance and came up with recommendations.<sup>3</sup> The committee acknowledged inequalities arising from the present system of financing and providing urban services. However, the committee departed from traditional reform diagnoses and prescriptions as the excerpts below reveal.

On the *efficiency* of consolidated government, the committee reported:

The preponderance of evidence indicates that small local governments (and thus metropolitan areas characterized by fragmentation) are more efficient for labour-intensive services, whereas larger units are more efficient for capital-intensive services (because of economies of scale) and for certain overhead functions. (p. 106)

On the *performance* of consolidated government, the committee reported:

[C]onsolidation has not reduced costs . . . [and] it may have even increased local expenditures. (p. 106)

On the effects of consolidated government on reducing disparities between central cities and suburbs and whites and blacks, the committee reported:

[T]here are no systematic empirical studies. The evidence that does exist, however, suggests that these efforts have had no significant impact on redistributing income or on addressing the problems of the poor or racial minorities. (pp. 106–107)

### **Committee recommendation to improve metropolitan governance:**

[W]hen a supra-local approach is desirable, existing overlaying units of governments can provide services, or special districts can be created to do so.

When a regional approach or perspective is more appropriate, creation of such entities as the Portland Metropolitan Service District and the Minneapolis–St. Paul Metropolitan Council is desirable, if locally supported and politically feasible.

<sup>3</sup> Source: Alan A. Altshuler, Harold Wolman, William Morrill, and Faith Mitchell, eds., *Governance and Opportunity in Metropolitan America* (Washington, D.C.: National Academy Press, 1999).

If such entities are not likely to emerge (i.e., in most metropolitan areas), the committee suggested:

then we find most appropriate the use and expansion of existing metropolitan forums and agencies, such as councils of governments, metropolitan planning organizations, regional special-purpose authorities, and public-private alliances on the metropolitan level.

It is possible that, over time, one or more of these will organically emerge into an institution that has the ability to make decisions for the entire region in several functional areas.  
(p. 129)

## CONCLUSION

So, we must ask first, what is the problem? Is it institutional structure? Is it lack of economic competitiveness? Or is it poverty or sprawl? Then, we should focus on fixing the problem. Unfortunately, we often fixate on a solution that usually involves major government reorganization before adequately identifying the problem.

Second, we should seek to adopt policies that are empirically based. We should ask if there is concrete empirical evidence that changing local government organization is significantly related to altered outcomes. In my home town of Louisville, Kentucky, we undertook city-county consolidation because it was argued that it would unleash tremendous economic growth. The evidence for this argument was dubious and unfortunately, this proved not to be the case. However, it did lead to other negative consequences that should have been anticipated including minority dilution.<sup>4</sup>

## 6.7 Australian Models

The Roundtable did not include a formal presentation on Australian models of metropolitan governance. However, several speakers contributed examples and commentary, covering in particular Sydney, Brisbane (South East Queensland), Melbourne and Perth.

The distinguishing characteristic of metropolitan governance in Australia has been the dominance of state (provincial) governments. This reflects several factors:

- The Australian states are all characterised by a heavy concentration of population and economic activity in the metropolitan area surrounding the capital city, which are thus of critical political importance to state governments
- State governments have responsibility for most metropolitan-scale service delivery and infrastructure provision
- Local government is relatively weak, with restricted sources of finance and a quite narrow range of functions, and in most metropolitan areas is fragmented into a large number of units<sup>5</sup>
- Federal government involvement in metropolitan planning and infrastructure provision has been limited and sporadic, despite the fact that only the federal government has the financial capacity to inject the resources required.

<sup>4</sup> See H.V. Savitch, Ronald K. Vogel, and Lin Ye, "Beyond the Rhetoric: Lessons from Louisville's Consolidation," *American Review of Public Administration* 2010 v. 40(1): 3-28.

<sup>5</sup> The average population of metropolitan local governments is approximately 400,000 in South East Queensland, 125,000 in Melbourne, 110,000 in Sydney, 60,000 in Adelaide and 55,000 in Perth.



Until the 1960s and 1970s respectively, both Sydney and Melbourne had local government-based metropolitan planning bodies – the Cumberland County Council and the Melbourne and Metropolitan Board of Works. The latter also had responsibility for major water and sewerage infrastructure. However, both were abolished and replaced by state agencies. Metropolitan land use planning in all states is now just one of the varied functions of state planning departments, and often only weakly linked to infrastructure provision, although with some variations:

- In South East Queensland (Brisbane-Gold Coast-Sunshine Coast) regional planning is facilitated to some extent by a joint state-local government committee (which also includes a federal official).
- In Perth, the Western Australian Planning Commission has taken over from the former Metropolitan Regional Planning Authority and, like its predecessor, consists of a mix of state and local government representatives. It also has the power to raise a supplementary property rate to fund improvement projects, and has played a prominent role in both land use and infrastructure planning. Local government is encouraged to play a substantial role.

South East Queensland is atypical in that the metropolitan region is divided into only seven local government areas, managed by large and well resourced organisations with directly elected mayors and considerable political influence. This is the result of a combination of recent state-initiated amalgamations and the existence since the 1920s of a very large central city local government – Brisbane City Council – whose area extends deep into the suburbs and which plays a larger and broader role than any other council in Australia. Brisbane City Council now has a population of around 1 million (about 40% of the metropolitan region) and a budget of several billion dollars. Its directly-elected Lord Mayor has the largest electorate (number of voters) of any Australian politician, and all its councillors are paid to be full-time.

From the early 1990s until 2004 metropolitan planning for Brisbane was a cooperative state-local government process in which the two functioned essentially as equal partners. Local government was represented by a strong Regional Organisation of Councils (ROC). There was no governing legislation and the agreed plan was simply 'signed off' by the premier and mayors. However, concerns about lack of implementation and a weakening of the ROC's influence led to state legislation under which the planning minister approves a regional plan. There is also a *South East Queensland Infrastructure Plan 2009-26* and the Translink Transit Authority to coordinate transportation network planning and service delivery.

Extensive local government amalgamations also occurred in Melbourne and Adelaide in the 1990s, but in general those processes did not produce very large local government areas comparable to those in South East Queensland. This outcome appears to reflect both a reluctance on the part of most state governments to create local councils that might become political rivals, a belief that efficiencies in service delivery can be captured effectively at populations of around 100-150,000, and in the case of Adelaide, the semi-voluntary nature of the amalgamations process, which left several small local government areas untouched. It is also of interest that Sydney and Perth have both seen instances of the division of large existing councils into smaller units as a deliberate act of state policy. On the other hand, population growth continues to create some very large local governments on the fringes of all the major cities as urban expansion extends into what were previously large semi-rural areas.

Another significant trend is for local governments to prepare increasingly wide-ranging and integrated strategic plans for their areas. Many larger councils have taken this path of their own initiative as a means of handling their increasing and more diverse responsibilities, often applying concepts of 'place management' or 'outcomes-based planning'. In recent years most state governments have legislated to impose strategic and corporate planning requirements on local government. In New South Wales, for example, councils must now prepare minimum 10-year 'Community Strategic Plans' that address economic, social, environmental and governance issues; that are based on extensive community engagement; and that go beyond the council's own areas of responsibility to address the broader needs of the community. The latter requirements raise interesting questions around inter-government relations: councils are being encouraged to take a 'whole of community', 'whole of government' approach that involves strong, evidence-based advocacy to state and federal governments. Can and will those governments respond meaningfully and effectively to this new expression of community interests?

From time to time Labor Federal governments have engaged in metropolitan planning issues. In the 1970s the Whitlam government established a Department of Urban and Regional Development and launched a range of planning, infrastructure provision and city development programs. In the early 1990s the Hawke government introduced a more modest Better Cities Program with a series of 'pilot' or 'demonstration' projects. Since its election in 2007 the current Rudd government has established Infrastructure Australia (IA) as an advisory body to recommend a program of strategic investments in major infrastructure items, with a particular focus on metropolitan areas. Within IA there is a small Major Cities Unit that is preparing a State of the Cities report and national cities strategy.

Perhaps more significantly, the Rudd government has led a process through the Council of Australian Governments (the peak intergovernmental forum consisting of the prime minister, state premiers, territory chief ministers and president of the Australian Local Government Association) to formulate a set of agreed national criteria for metropolitan planning systems (see Attachment A). The central thrust is to require states to prepare 30-year metropolitan plans that integrate a broad range of elements and policy agendas, with effective mechanisms for implementation. Future federal infrastructure funding will be contingent on these plans.

It appears that the COAG initiative represents an acknowledgement that in some states at least metropolitan planning and governance needs to be substantially improved, in terms of both inter-agency relationships *within* state administrations, and inter-government collaboration, as well as community engagement in planning processes. This is seen as essential to bring about adequate and effective investment in infrastructure, as well as a sound platform for dealing with emerging major issues such as climate change.

## Attachment A: Council of Australian Governments, 7 December 2009

COAG today agreed to reforms to ensure our capital cities are well-placed to meet the challenges of the future. National criteria for capital city strategic planning systems will provide the platform to re-shape our capital cities. The criteria will ensure our cities have strong transparent and long-term plans in place to manage population and economic growth; plans which will address climate change, improve housing affordability and tackle urban congestion. They will also:

- Provide for future-oriented and publicly-available long-term strategic plans;
- Be integrated across functions (for example, land-use, infrastructure and transport) and coordinated between all three levels of government;
- Clearly identify priorities for future investment and policy effort by governments;
- Provide for effective implementation arrangements and supporting mechanisms; and
- Support and facilitate economic growth, population growth and demographic change.

The national objective and national criteria for the future strategic planning of Australia's capital cities are at *Attachment B*.

COAG agreed that by 1 January 2012 all States will have in place plans that meet the criteria and noted that the Commonwealth will link future infrastructure funding decisions to meeting these criteria. These reforms will secure better outcomes from investments of all governments and they will strengthen public confidence in planning systems.

The COAG Reform Council will independently review the consistency of capital city strategic planning systems with the new national criteria during 2010 and 2011. A jointly-appointed, expert advisory panel will be established to support the COAG Reform Council in this work. The COAG Reform Council will also support continuous national improvement in capital cities strategic planning and build and share knowledge of best-practice planning approaches.

COAG recognised that all States are working to strengthen urban planning. The reforms adopted today will support all governments in working with communities and the private sector, to create productive, liveable and sustainable cities for the future.

## NATIONAL OBJECTIVE AND CRITERIA FOR FUTURE STRATEGIC PLANNING OF CAPITAL CITIES

### Objective

*To ensure Australian cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth.*

### Criteria

Capital city strategic planning systems should:

1. be integrated:-
  - a) across functions, including land-use and transport planning, economic and infrastructure development, environmental assessment and urban development, and
  - b) across government agencies;
2. provide for a consistent hierarchy of future oriented and publicly-available plans, including:-
  - a) long term (for example, 15–30 year) integrated strategic plans,
  - b) medium term (for example, 5–15 year) prioritised infrastructure and land-use plans, and
  - c) near term prioritised infrastructure project pipeline backed by appropriately detailed project plans;
3. provide for nationally-significant economic infrastructure (both new and upgrade of existing) including:-
  - a) transport corridors,
  - b) international gateways,
  - c) intermodal connections,
  - d) major communications and utilities infrastructure, and
  - e) reservation of appropriate lands to support future expansion;
4. Address nationally-significant policy issues, including:-
  - a) population growth and demographic change,
  - b) productivity and global competitiveness,
  - c) climate change mitigation and adaptation,
  - d) efficient development and use of existing and new infrastructure and other public assets,
  - e) connectivity of people to jobs and businesses to markets,
  - f) development of major urban corridors,
  - g) social inclusion,
  - h) health, liveability, and community well-being,
  - i) housing affordability, and
  - j) matters of national and environmental significance;
5. consider and strengthen the networks between capital cities and major regional centres, and other important domestic and international connections;

**NATIONAL OBJECTIVE AND CRITERIA FOR FUTURE STRATEGIC PLANNING  
OF CAPITAL CITIES (Cont.)**

6. provide for planned, sequenced and evidence-based land release and an appropriate balance of infill and greenfields development;
7. clearly identify priorities for investment and policy efforts by governments, and provide an effective framework for private sector investment and innovation;
8. encourage world-class urban design and architecture; and
9. provide effective implementation arrangements and supporting mechanisms, including: -
  - a) clear accountabilities, timelines and appropriate performance measures,
  - b) coordination between all three levels of government, with opportunities for Commonwealth and local government input, and linked, streamlined and efficient approval processes including under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*.
  - c) evaluation and review cycles that support the need for balance between flexibility and certainty, including trigger points that identify the need for change in policy settings, and
  - d) appropriate consultation and engagement with external stakeholders, experts and the wider community.



## Attachment B: Roundtable Participants

SARAH ARTIST	Program Manager UTS Centre for Local Government
PROF CHRIS AULICH	Australian Centre of Excellence for Local Government
ADRIAN BERESFORD-WYLIE	Chief Executive Australian Local Government Association
CLLR PHILLIP BLACK	Deputy Lord Mayor City of Sydney
ANDREW BORAINÉ	Chief Executive Cape Town Partnership, South Africa
CRAIG BUTLER	National Growth Areas Alliance
RUPAK CHATTOPADHYAY	Vice President Forum of Federations
MICHAEL DEEGAN	Infrastructure Coordinator Infrastructure Australia
DORTE EKELUND	Executive Director Major Cities Unit Infrastructure Australia
IAN FLINT	Manager-Regional Collaboration South East Queensland Council of Mayors
PATRICIA FORSYTHE	Executive Director Sydney Business Chamber
JEFFREY GILMORE	Executive Director Planning Policy Victoria Department of Planning and Community Development
PENNY HOLLOWAY	General Manager North Sydney Council
ANNE HURNI	Major Cities Unit
ERIC LUMSDEN	Director General WA Department of Planning and Infrastructure
CLARE MCARDLE	Executive Director Melbourne @ 5m Victoria Department of Planning and Community Development
PROF TERRY MCGEE	University of British Columbia
PETER MCKINLAY	Director Local Government Centre Auckland University of Technology
BRENDAN MCRANDLE	General Manager Local Government, Federal Department of Infrastructure, Transport, Regional Development and Local Government
PROF PHILLIP O'NEILL	University of Western Sydney

## Attachment B: Roundtable Participants (Cont.)

PROF MICHAEL PADDON	Research Director Institute for Sustainable Futures, University of Technology Sydney
PROF ANNABELLE PEGRUM	University of Canberra
PHIL RASKALL	Strategic Research Manager City of Sydney
JOHN RAVLIC	Chief Executive Local Government Managers Australia (National)
MIKE REID	Manager Governance, Local Government New Zealand
LOUISE ROSE	Federal Department of Prime Minister and Cabinet
PROF GRAHAM SANSOM	Director Australian Centre of Excellence for Local Government
DALBIR SINGH	National Secretary Indian National Congress
DR ENID SLACK	Director Institute on Municipal Finance and Governance University of Toronto
PETER VERWER	Chief Executive Property Council of Australia
PROF RON VOGEL	University of Louisville, USA
ROSS WOODWARD	Director General Division of Local Government NSW Department of Premier and Cabinet

