



THE AUSTRALIAN MODEL OF METROPOLITAN GOVERNANCE: Insights from Perth and South East Queensland

June 2012





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Citing this report

Sansom, G., Dawkins, J., Tan, S. *The Australian Model of Metropolitan Governance: Insights from Perth and South East Queensland*, UTS: Centre for Local Government, University of Technology, Sydney, May 2012

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Preface

One of the most important objectives of the Australian Centre of Excellence for Local Government (ACELG) is to support informed debate on key policy issues. ACELG's working paper series thus aims to fill some of the gaps in the policy debate from a local government perspective, and to stimulate discussion.

This is one of several ACELG papers that explore problems and opportunities in metropolitan governance, planning and management, and local government's role in those fields. In 2009 and 2010 ACELG joined with the Canada-based Forum of Federations to host international roundtables on metropolitan governance in Sydney and Brisbane. Reports are available on ACELG's website at www.acelg.org.au. In 2011-12, ACELG funded and published research by John Abbott into collaborative governance and metropolitan planning in South East Queensland, partnering with the Council of Mayors and the (then) Queensland Department of Local Government and Planning. That report can also be found on the ACELG website.

To varying degrees Australia's major metropolitan regions all face acute social, economic and environmental challenges. Calls for reform of metropolitan management tend to focus either on the need for increased federal funding and involvement, or on perceived problems associated with the fragmentation of local government into a large number of relatively or absolutely small council areas. Yet Australia has a unique model of metropolitan governance, in which *state governments* are directly responsible for all the key elements of planning and major infrastructure and service delivery. And the recent report on 'capital city' strategic planning systems by the COAG Reform Council made it clear that the states' performance in metropolitan management is patchy at best. This paper explores the issues involved with particular reference to Perth and South East Queensland.

The genesis of the working paper was a further international collaboration led by the Forum of Federations to produce a book of comparative studies into metropolitan governance and finance in federal countries. ACELG is grateful to the Forum and its publisher for permission to release this modified version of the Australian chapter of that book.

Feedback on the content and findings of ACELG working papers is always welcome. As well, we value suggestions from local government practitioners and other stakeholders regarding needs and opportunities for future policy studies. Please contact our Research Program Manager Stefanie.Pillora@acelg.org.au

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Executive Summary

Australia's metropolitan regions have many more similarities than differences. They are of similar age and cultural origins, support similar lifestyles and offer comparable social, cultural and economic opportunities. The two regions examined in some detail in this paper – Perth and the South East Queensland region centered on Brisbane – can thus be seen as representative, although they are the fastest growing and display some distinctive characteristics in terms of governance and planning. A study of the two regions can therefore offer valuable insights into how metropolitan growth and change might be more effectively managed into the future, within the context of Australia's federal system.

Australia has a unique model of metropolitan governance, in which each state government is directly responsible for planning and major infrastructure and service delivery in the state's dominant urban region. The states have the constitutional and legislative powers to undertake almost all aspects of metropolitan planning and management. Those powers have been compromised to some degree by the states' growing dependence on federal financial support, but remain more or less absolute in terms of their control over land use planning, metropolitan infrastructure and services, and local government. The federal government could be a much more significant player, given its financial clout, but to date its interventions in metropolitan affairs have been relatively low-key.

Local government has limited functions and tends to be fragmented into units that are too small to play a major role – although this is changing – and there are no 'upper tier' metropolitan-scale councils. South East Queensland is an exception: the main metropolitan area is managed by just seven large local councils, and the central City of Brisbane houses close to 40% of the population as well most commercial and industrial activities, and could thus be considered to some degree a 'metropolitan council'. However, even in South East Queensland the state outspends local government by a ratio of around 6:1; in Perth that figure increases to 9:1.

The central issue in metropolitan governance thus becomes the way in which state governments organise themselves to discharge their responsibilities in an efficient and effective manner. Yet there has been a tendency to place as much or more emphasis on problems associated with the fragmentation of metropolitan regions into a large number of local government areas, than on the performance of state governments as metropolitan managers.

Calls for reform reflect the pressures of growth: Australia's major metropolitan regions are all growing rapidly, and there is rising community concern about the environmental and social impacts of increasing populations, outward sprawl and redevelopment of established suburbs. Whilst Australian cities continue to rate highly on international scales of livability, there is a popular perception that quality of life and that of major urban services – public transport, education and health – is declining, at least relative to rising community expectations.

As noted above, the federal government has played only a limited role in metropolitan governance, although its constitutional powers in areas such as immigration, communications, aviation, taxation and economic management set the context for metropolitan growth, and its financial dominance

over the states allows it to intervene in some metropolitan policy and expenditure decisions – notably major infrastructure projects. The current government has established Infrastructure Australia as a semi-independent body to draft and help implement a national program of major projects, including roads and transport improvements in metropolitan regions. It has also created a Major Cities Unit which has developed a National Urban Policy focused on strategies for the country's 18 largest cities and metropolitan regions – those with populations in excess of 100,000. However, the longer term significance of these moves has yet to become clear.

In addition, at the urging of the federal government, in 2009 the Council of Australian Governments (COAG) adopted a set of Criteria for Future Strategic Planning of Capital Cities (that is, metropolitan regions). The COAG Reform Council was subsequently tasked to review strategic planning systems against those criteria. Its recent report made it clear that the states' performance in metropolitan management is patchy at best. Typically, the major bureaucracies and service agencies operate in silos with only limited coordination. Planning departments prepare metropolitan strategies and regulate development in conjunction with local government and environmental protection authorities, but in practice their powers and influence are usually limited compared to those of big spending infrastructure and service organisations.

The Reform Council found that coordination both within state governments and between the states and federal and local governments, needs to be improved considerably. None of the states has a dedicated agency or authority charged specifically and exclusively with coordinating governance and management of the metropolitan region. The Western Australian Planning Commission and 'Growth Management Queensland' (now part of the Department of State Development, Infrastructure and Planning) come closest, but in both cases have additional, state-wide responsibilities.

At the same time, governments at all levels are faced with the heavy cost of providing for both growth and improvement, and it is questionable whether this can be achieved within current policy settings. There are already some significant backlogs in infrastructure systems, notably public transport, due to under-investment over recent decades. Hence calls for the federal government to play a larger role and lend its financial support. As well, significant policy conflicts need to be addressed: for example, maintenance of housing affordability is seen to require downward pressure on infrastructure charges levied on residential development, but how otherwise is infrastructure to be funded?

Whilst the current federal government has committed substantial funding to major infrastructure projects, notably urban transport, the sums involved fall far short of what the states need. Nor is there any clear indication that the National Urban Policy will be accompanied by an increased and ongoing financial commitment to address the issues raised. Indeed, for the foreseeable future the federal government will be focused on fiscal tightening to bring its budget back into surplus following massive stimulus spending during the Global Financial Crisis, as well as the heavy cost of disaster recovery after recent cyclones and floods.

Unless these critical financial and policy issues can be resolved – which would seem to require governments, business and the community to face up to the need for higher taxes and/or charges, possibly increased land tax or congestion pricing as suggested in the Henry tax review – it is difficult

to see adjustments to metropolitan governance and planning arrangements having much strategic impact. The underlying problems will continue to accumulate. On the other hand, if the necessary resources can be found, the 'Australian model' of state governments being responsible for both metropolitan regions and their hinterlands, and directly providing most services, should provide a platform for sound, integrated planning and governance.

In that regard, there may well be a case for the states to establish – or in some cases re-establish – metropolitan 'commissions' or the like. Such bodies could provide a responsible forum and focus for coordination of metropolitan planning, services and infrastructure, and for the expression of metropolitan community views and aspirations. Alternatively, or as a complementary measure, the states could introduce new processes and mechanisms for collaborative governance amongst their agencies and with federal and local governments, the business sector and a range of key community stakeholders. Arrangements in South East Queensland and Perth offer valuable pointers to the kind of arrangements that need to be developed. Joint state-local government commitment and leadership appears essential.

This leaves the continuing vexed issue of the appropriate role, scale and structures of local government in metropolitan regions, which has attracted so much attention. However, whilst local government consolidation may well be desirable if councils are expected to play a stronger role, the dominance of the states means that having numerous, relatively small local governments does not necessarily equate with fragmentation of *metropolitan* governance, provided the states organize themselves to do the job. If critical challenges are to be met, and desired outcomes achieved, the states must more explicitly acknowledge and accept their responsibilities as metropolitan (as well as state) governments. The 'Australian model' requires them to give integrated metropolitan governance and planning the priority it deserves, and to place it at the centre of their administrative arrangements.

Introduction

This paper explores what may be called the ‘Australian model’ of metropolitan governance. That model has not been driven by theory or even by deliberate policy. Instead, it is the almost inevitable consequence of the establishment of separate colonies scattered around the coast of a vast and dry continent, leading to six states each with a single metropolitan region where most of the population live and work. It is a model built on the constitutional and legislative powers of state governments to dominate almost all aspects of metropolitan planning, infrastructure provision, service delivery, and local and regional governance. Those powers have been compromised to some degree by the renewed interest of the federal government in the economic and social development of ‘major cities’, and by the states’ growing fiscal difficulties and dependence on federal financial support, but remain more or less absolute in terms of the states’ control over land use planning, metropolitan infrastructure and services, and local government.

The weak position of local government makes the dynamic of Australian metropolitan governance very different from that in comparable countries such as the UK, Canada, New Zealand and USA. Yet there has been a tendency to place as much or more emphasis on perceived problems associated with the fragmentation of metropolitan regions into a large number of local government areas, than on the performance of state governments as metropolitan managers.

Australia’s metropolitan regions have many more similarities than differences. They are of similar age and cultural origins. They are all coastal, and they all sprawl. They support similar lifestyles and offer comparable social, cultural and economic opportunities. Of course there are historical and other variations in terms of climate, size, ethnicity, growth rates and the drivers of the state economy, but in global terms these differences are marginal.

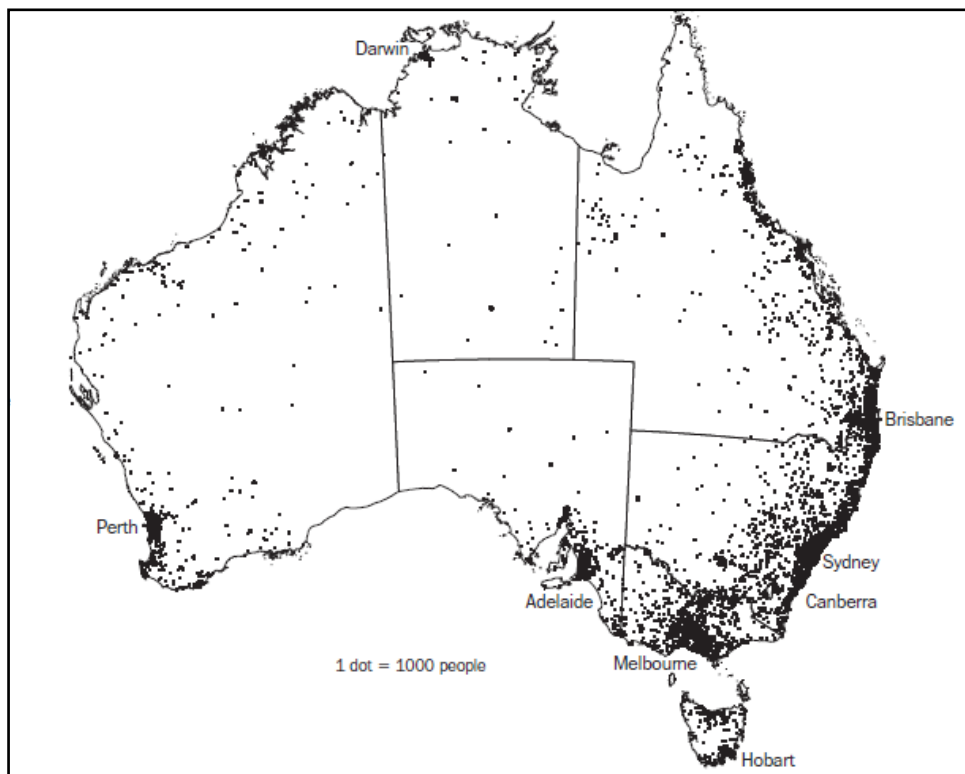
The two regions examined in some detail in this paper – Perth and the South East Queensland region centred on Brisbane – can thus be seen as representative, although they are the fastest growing and display some distinctive characteristics in terms of governance and planning. A study of Perth and South East Queensland can therefore offer valuable insights into how metropolitan growth and change might be more effectively managed into the future, within the context of Australia’s federal system.¹

1. National Context

Australia's six colonies were established between 1788 (New South Wales) and 1836 (South Australia). The most striking feature of Australian settlement was that it was primarily urban, and from the earliest days a primary interest of colonial governments was in founding and running a capital city.

Today, over 60% of the population is concentrated in the six major metropolitan regions around the state capitals of Sydney, Melbourne, Brisbane, Perth, Adelaide and Hobart (see Figure 1). With a national population of less than 23 million, even the largest of these metropolitan regions remain relatively small by global standards, but due to their low residential densities they cover large areas, and in the case of Sydney, Melbourne and Brisbane (South East Queensland) are now multi-centred.

Figure 1: Population distribution in Australia



Source: Australian Bureau of Statistics (ABS) 2008

Population growth is currently around 1.5-2.0 per cent per annum, reflecting high overseas immigration. Table 1 shows Gross Domestic Product (state and national) for the past two financial years. The economies of Queensland and Western Australia have grown especially rapidly over recent years due to the accelerating minerals boom.

Table 2 shows recent population growth rates. South East Queensland was the fastest growing region over the period 1996-2006, in both percentage and absolute terms, and this rapid growth is continuing. Perth grew second fastest in percentage terms, and projections by the Australian

Bureau of Statistics show these same regions maintaining the highest growth rates over the next two decades.

Table 1: Gross state and domestic product

	GSP 2008-09 \$ m*	% of GDP	GSP 2009-10 \$ m	% of GDP
New South Wales	\$402,334	32.1%	\$406,917	31.7%
Victoria	\$291,637	23.3%	\$301,438	23.5%
Queensland	\$243,901	19.5%	\$244,160	19.0%
Western Australia	\$169,950	13.6%	\$184,438	14.4%
South Australia	\$78,986	6.3%	\$80,356	6.3%
ACT	\$25,969	2.1%	\$27,773	2.2%
Tasmania	\$23,176	1.8%	\$23,340	1.8%
Northern Territory	\$17,168	1.4%	\$16,248	1.3%
Australia (GDP)	\$1,253,121	100%	\$1,284,670	100%

* Figures in Australian dollars, but currently at parity with USD.

Source: Australian Bureau of Statistics (ABS) catalogue Number 5220.0

Table 2: Metropolitan population growth 1996 to 2006

Metropolitan Region (Statistical Divisions included)	Population 1996	Population 2006	Absolute Growth 1996 - 2006	Percentage Growth 1996 - 2006
Sydney (Sydney SD, Hunter SD, Illawarra SD)	4,808,237	5,316,379	508,142	10.57%
Melbourne (Melbourne SD, Barwon SD)	3,522,797	4,014,361	491,564	13.95%
South East Queensland (Brisbane SD, Gold Coast SD, Sunshine Coast SD, West Moreton SD)	2,138,215	2,706,302	568,087	26.57%
Perth (Perth SD)	1,295,092	1,519,510	224,418	17.33%
Adelaide (Adelaide SD, Outer Adelaide SD)	1,182,768	1,275,041	92,273	7.80%
Hobart (Greater Hobart SD)	195,718	205,566	9,846	5.03%

SD = statistical division

Source: Planning Information and Forecasting Unit, Queensland Treasury, and ABS Cat. No. 3218

A feature of the larger metropolitan regions, with the exception of Brisbane, is the very small share of the total population living in the central 'capital city' – less than 4% (see Table 3). This is another characteristic that distinguishes metropolitan governance in Australia from that in other advanced countries. Thus with urban growth, the name of each capital ('Sydney', 'Perth' etc) has come to refer less to the city government at the centre than to the entire metropolitan region. Invariably, when people refer to the population or character or future or governance of, say, 'Sydney', they mean the Sydney *region* of 4.2 million people.²

Table 3: Populations of states, metropolitan regions and capital city local governments

State	State population 2010	Metropolitan region population 2008/09	Capital city population 2008/09	Capital city share of metro region
New South Wales	7,238,819	5,316,379	City of Sydney: 177,000	3.3%
Victoria	5,547,527	4,014,361	City of Melbourne: 89,759	2.2%
Queensland	4,516,361	2,706,302	Brisbane City: 1,052,458	38.9%
Western Australia	2,296,411	1,519,510	City of Perth: 17,093	1.1%
South Australia	1,644,642	1,275,041	City of Adelaide: 19,444	1.5%
Tasmania	507,626	205,566	City of Hobart: 49,887	24.3%

Note: Another 590,000 people live in Australian territories including the Northern Territory and the Australian Capital Territory (Canberra).

2. The system of government

Constitutionally, the federal government and the states have roughly equal powers: the 1901 Australian constitution defined those areas of power granted by the former colonies to the new Commonwealth government, and all remaining powers were retained by the states. However, the increasing fiscal dominance of the federal government, through its control of all major direct and indirect taxes, and a series of High Court decisions that have extended federal powers in areas such as environmental protection and companies law, have resulted in a growing imbalance between the two levels of government. The states are now highly dependent on financial transfers and grants from the federal government, which has used its fiscal muscle to play a leading policy role across key functional areas that are nominally the province of the states, for example education, health, regional development and transport.

Overall federal government expenditure in 2008-09 was \$323 billion. About a third consisted of transfers to the states (\$97bn) and to local government (\$3bn). Payments by the federal government account for about 40 per cent of state revenue for New South Wales and Victoria, and up to 60 per cent of revenue for other states. Federal transfers to local government are relatively less important – less than 10% of total local government revenues nationally – but are crucial to the survival of small rural and remote authorities. Most of those transfers are passed through the states (in the form of untied financial assistance grants – ‘FAGs’ – distributed by local government grants commissions), but an increasing proportion are paid direct to individual local councils.

Local government occupies a somewhat anomalous position in the Australian system. It is not recognized in the federal constitution and is legally a creature of the states, which can and do control local government structure and operations in great detail, frequently intervening in specific areas of regulation and expenditure. However, at the same time local governments – especially large urban councils – are typically more financially independent than the states: their functions are relatively limited and are matched quite well by their principal sources of revenue – property tax (‘rates’) and service fees and charges.³ Moreover, the federal government is now the largest single source of external financial support to local government and the two have numerous policy and program linkages. There has been a designated federal government minister for local government since the early 1980s, under both Labor and conservative Coalition governments.

Australia has a well developed system of inter-government relations, although very little of it derives from legislation. The peak body is the Council of Australian Governments (COAG), comprising the prime minister, state premiers, territory chief ministers and the president of the Australian Local Government Association. There is also the COAG Reform Council, established to monitor progress with, and advise on, various national reform agendas – now including metropolitan planning (see below). Sitting under COAG is a series of ministerial councils covering specific functional areas of inter-government interest, as well as numerous task forces, advisory committees etc. Until 2010 these included a Local Government and Planning Ministers Council, but this was abolished as part of a streamlining of COAG arrangements, and only partially replaced by an ad hoc local government ministerial forum and an associated inter-jurisdictional working group of senior officials.

Local government participation in intergovernmental relations is primarily a matter for the Australian Local Government Association federally, and its constituent associations in each state and the Northern Territory. However, at the national level, the Canberra-based Council of Capital City Lord Mayors has also achieved a degree of special recognition from the federal government in urban affairs, and the more recently established National Growth Areas Alliance likewise represents rapidly developing suburban areas on the metropolitan fringe.

2.1 Metropolitan governance

As noted at the outset, the dominant force in metropolitan governance is the states: they are responsible for the provision of essential utility services and infrastructure; transport; health, education and other major community services; environmental management at the regional level; preparation of metropolitan planning strategies; and in most cases approval of major development proposals. The role of local governments varies somewhat from state to state: typically they provide local roads, other small-scale infrastructure and a range of community and regulatory services, prepare local strategic and land use plans, and control building and development. Larger local governments can be significant players in metropolitan planning and management – notably in South East Queensland (see section 3.2) – but most are relatively small and lack the capacity (and, given close oversight by the states, authority) to enhance their influence.

Historically, the federal government has played only a limited role in metropolitan governance, although its constitutional powers in areas such as immigration, communications, aviation, taxation and economic management set the context for metropolitan growth, and its financial dominance over the states allows it to intervene in some metropolitan policy and expenditure decisions – notably major infrastructure projects.⁴ Federal Labor governments have been more engaged in metropolitan affairs: the Whitlam government in the 1970s set up a Department of Urban and Regional Development and funded a wide range of urban improvement projects; the Hawke-Keating governments of the 1980s and early 1990s likewise implemented a Building Better Cities program. The current Labor government has established Infrastructure Australia as a semi-independent body to draft and help implement a national program of major projects, including roads and transport improvements in metropolitan regions. It has also created a Major Cities Unit which has developed a National Urban Policy⁵ focused on strategies for the country's 18 largest cities and metropolitan regions – those with populations in excess of 100,000. However, the longer term significance of these moves has yet to become clear (see section 5).

In addition, at the urging of the federal government, COAG has adopted a set of Criteria for Future Strategic Planning of Capital Cities (that is, metropolitan regions). These are: 'intended to ensure that our cities have robust, transparent and long-term planning systems in place to manage population and economic growth, address climate change, improve housing affordability and tackle urban congestion.'⁶ The criteria include a strong focus on effective implementation of metropolitan strategies, including clear accountabilities, timelines and performance measures; coordination between all three levels of government with opportunities for federal and local government input; appropriate consultation and engagement with external stakeholders, experts and the wider community; and regular cycles of evaluation and review.⁷ The COAG Reform Council was subsequently tasked to review strategic planning systems against the agreed criteria. It reported back to COAG in December 2011 (see section 5).⁸

None of this, however, alters the fact that in the Australian system the states retain the necessary constitutional powers and policy and administrative capacity – if not always the required financial resources – to conduct effective metropolitan planning and governance. They directly manage all the key areas of responsibility, dominate local government and intervene more or less at will in local planning, and also control the rural hinterlands of the capital city regions and related regional centres. Only the South East Queensland region extends across a state border – into the northern coastal areas of New South Wales – and even then only to a small extent. With 60% or more of each state’s population living in the metropolitan region, its management is the single most important task of every state government. This is the ‘Australian model’.

The central issue in metropolitan governance thus becomes the way in which state governments organise themselves to discharge their responsibilities in an efficient and effective manner. This is of fundamental political importance: most of the state electorate lives in the metropolitan region and voters focus on issues such as the quality of roads and public transport, whether the pattern and nature of development is to their liking, the adequacy of open space and recreation facilities, and so on.

Yet as the COAG Reform Council’s report confirms, the states’ performance in metropolitan management is patchy at best. Typically, the major bureaucracies and service agencies (some of which are corporatized or privatized) – transport, utilities, education, health etc – operate in silos with only limited coordination. Planning departments prepare metropolitan strategies and regulate development in conjunction with local government and environmental protection authorities, but in practice their powers and influence are usually limited compared to those of big spending infrastructure and service agencies. The latter may be backed by powerful private sector interests keen to promote and secure large construction contracts, or enter into lucrative public-private partnerships. Planning systems and decisions are also subject to more direct influence by lobbying from the development industry: in recent years all state governments have moved to centralize control over major developments, withdrawing power from local governments that are inclined to be more responsive to community and environmental groups.⁹

As a result of these pressures, together with those emanating from the rapid pace of growth in most metropolitan regions, there has been a tendency for institutional arrangements to be frequently reviewed and recast. In the mid 20th century both Sydney and Melbourne had metropolitan organisations with strong local government representation (the Cumberland County Council and the Melbourne and Metropolitan Board of Works respectively), but these were subsequently disbanded and replaced by state agencies which have been re-jigged on several occasions since. Arrangements for Adelaide and South East Queensland have been similarly fluid. Only Perth shows long-term continuity (see section 3.1).

Over the past half century most of the state planning agencies have produced two or more major strategies to guide metropolitan growth. While few of their objectives to restructure existing urban areas have been fully achieved, these strategies have at least ensured that suburban expansion has been reasonably well planned and serviced. Nevertheless, none of the states has a dedicated agency or authority charged specifically and exclusively with coordinating governance and management of the metropolitan region. The Western Australia Planning Commission and ‘Growth Management

Queensland' (now part of the Department of State Development, Infrastructure and Planning) come closest (see section 3). In some cases infrastructure and service agencies use regional or sub-regional different boundaries from each other, which may subdivide the metropolitan region. Thus in many ways metropolitan regions are treated no differently to others, although there may be special programs or agencies to deal with some aspects of metropolitan planning and governance. For example, Perth has a Metropolitan Redevelopment Authority and Queensland an Urban Land Development Authority, the former to undertake major urban renewal projects, and the latter to improve land supply and promote a range of affordable housing options. Similar arrangements to manage urban growth and renewal in selected locations can be found in other states. Invariably they weaken or transcend the role of local councils.

As a general rule, local governments in metropolitan regions operate under the same legislation and administrative frameworks as apply throughout the state in question, with notionally the same powers and functions. However, there are some qualifications to this generalisation:

- Local government Acts tend to be permissive rather than prescriptive, so that larger, better resourced local governments are enabled to take on additional roles.
- There are usually supplementary Acts for capital-city local governments (that is, the 'core' local government that includes the seat of state government and main central business district) but these are mostly restricted to governance issues, for example providing for direct election of mayors and giving some executive powers to the Lord Mayor of Brisbane.
- Capital-city local governments tend to have a particularly close and sometimes more vexed working relationship with state governments, reflecting their shared interests in the state's principal commercial and civic precincts, and in some cases the political prominence of the lord mayor.

In summary, Australia has a unique model of metropolitan governance, in which each state government is directly responsible for planning and major infrastructure and service delivery in the state's single, dominant urban region. Local government tends to be fragmented into units that are mostly too small to play a major role (although this is changing, especially in South East Queensland and potentially in Perth – see below), and there are no 'upper tier' metropolitan-scale local governments. The federal government could be a much more significant player, given its financial clout, but to date its interventions in metropolitan affairs have been relatively limited and low-key.

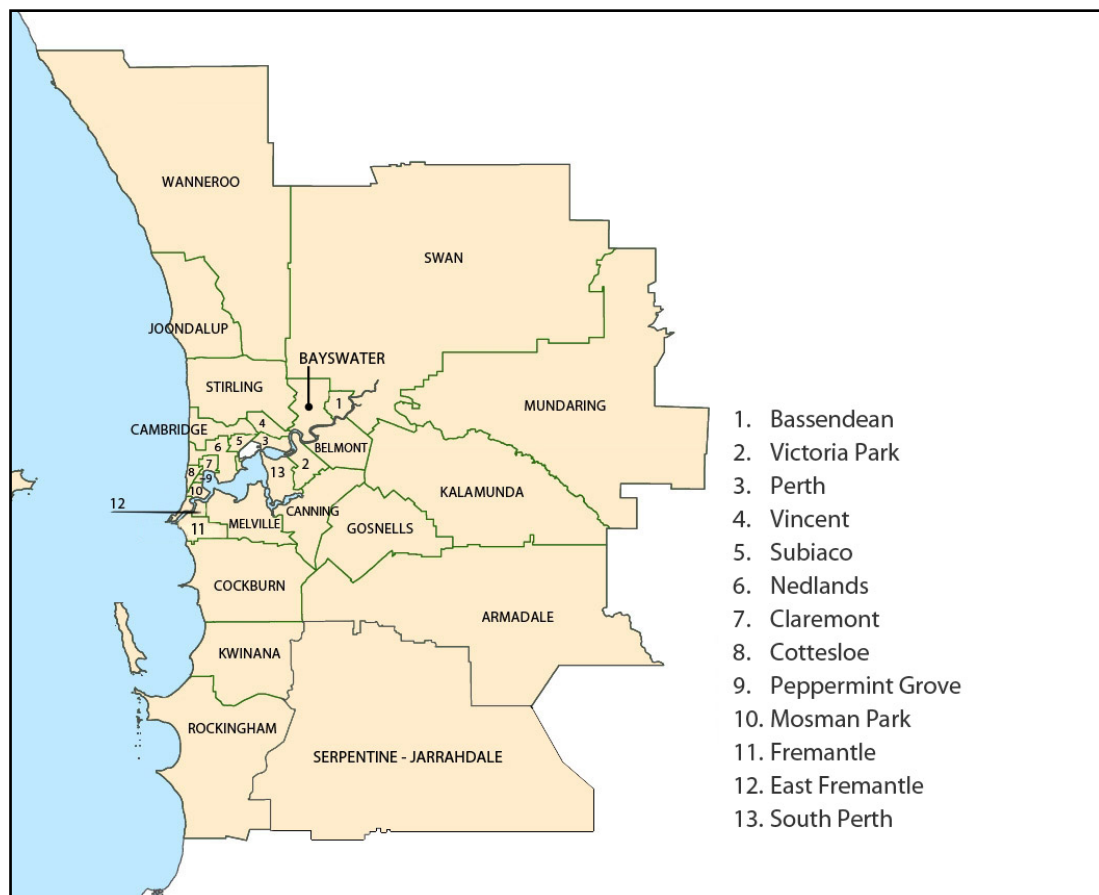
3. Perth

3.1 Governance framework

Western Australia is a vast territory of 2.5 million square kilometers, a third of the continent, but with a population of only 2.25 million. Almost three-quarters live in the Perth region, which has a population of 1.66 million. The largest non-metropolitan centre, Bunbury, has a population of about 60,000, and only three other country towns have more than 20,000 people.¹⁰

This extraordinary settlement pattern is largely a consequence of the nature of the country. Western Australia has poor soils and a dry, erratic climate. It offered the first peoples few resources and no domesticable plants or animals. Following European settlement, the primary concerns of the colonial government were to promote the exploitation of agricultural and mineral resources, and to manage the single urban region centred on the Swan River. Since the colony was established, and even with repeated mining booms in the far north and north-west, Perth has always been where Western Australia's wealth is accumulated and where most of its people live.

Figure 2: Perth Metropolitan Region



The result of this cultural inheritance and highly unusual distribution of population has been a strong and stable governance structure for the metropolitan region, evolving since Australia's first explicit planning act, the Western Australian Town Planning Act of 1928. As in the rest of Australia, metropolitan governance is primarily a function of the state government and not, as in some other

countries, that of local or metropolitan governments.¹¹ The state government has always been the direct provider of all major metropolitan services and infrastructure through its various departments and agencies.

The first local town trust was established by the colonial government in 1838, primarily to collect tolls and other revenue for building roads. Over the years, local governments increased in number and in the range of their functions, but they remained creatures of the state. In Western Australia there are currently 138 local governments, 30 of them in the Perth metropolitan region (see Figure 2). While some are quite large – in Perth there are six with populations between 100,000 and 200,000 – and while they perform essential functions related to local law-making, infrastructure, services, regulation, advocacy and representation, including local delivery of some state government programs, they have little influence on the planning and provision of metropolitan infrastructure and services or the pattern of development at a regional scale.

3.2 Metropolitan planning and management

By the 1950s Western Australian governments were correctly anticipating decades of rapid growth from immigration, expansion of agriculture, mining and a degree of industrialization, and that meant a rapidly growing population in the Perth region. In 1953 one of the world's leading planners, Gordon Stephenson of Liverpool and Toronto universities, was engaged to prepare a regional plan.¹² In 1960 a Metropolitan Region Planning Authority (comprising representatives of state agencies and local government) was appointed to prepare and administer a statutory regional plan, and a hypothecated tax was introduced to fund aspects of its implementation – far sighted measures now the envy of other Australian states.¹³

The Metropolitan Region Planning Authority has since been expanded into a Western Australian Planning Commission covering the whole state, but essentially the measures introduced in the 1960s remain in place and have in some ways been strengthened. The longer this system is in place the better it gets, for stability is a good thing for strategic planning and metropolitan governance, including community engagement, innovation and incremental reform.¹⁴

The Commission currently has thirteen members in addition to the executive chair. Six are the chief executives of the key planning, transport, water, environment, housing and state development departments. Others represent local government, Indigenous interests, and expertise in relevant disciplines. The presence of departmental heads ensures that the Commission has a significant role in policy development and in the planning of state services and infrastructure. In addition, the Commission's statutory planning powers and its annual budget of over \$100 million give it a significant role in inter-agency negotiation and coordination.

A characteristic feature of the Commission's operations is a system of seventeen committees. These afford wide participation in the Commission's deliberations. While meetings are necessarily in camera – being part of the deliberative process of executive government, committees need to explore issues frankly and prepare confidential advice to ministers – they generally involve members from outside government and representatives of interest groups and industries. This introduces a diversity of views and helps maintain community confidence. However, membership of the most important committee – the Infrastructure Coordinating Committee, which is the primary state entity

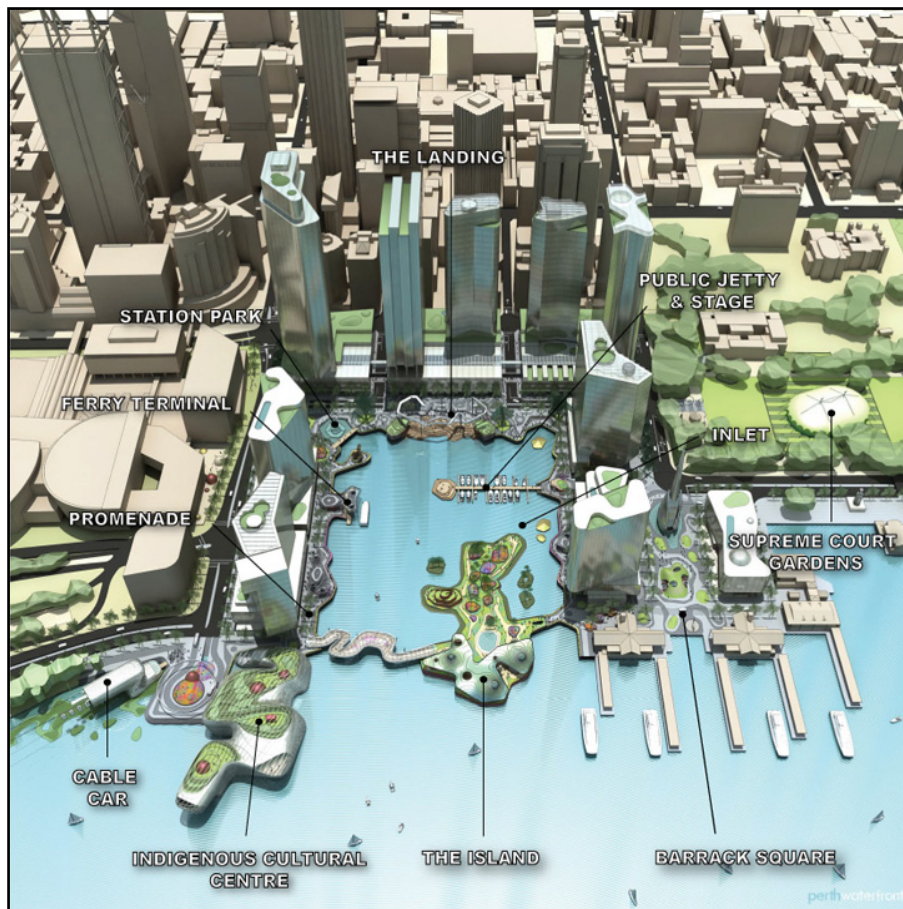
for infrastructure planning and coordination – is confined to senior state officials in the interests of full and frank debate within government.

As noted earlier, local government in metropolitan Perth remains relatively weak and fragmented, especially in the inner and middle suburbs. There are some arrangements for shared service delivery – notably waste management – and also for cooperation in sub-regional planning and policy issues, but no overarching metropolitan forum such as the Council of Mayors in South East Queensland (see section 3.2). Fragmentation of local government reflects strong opposition over many years to structural reform, but also a decision by the state government in 1994 to divide the then quite large central City of Perth into four smaller units. By contrast, the rapidly growing outer suburbs are administered by much larger (in both area and population) local governments – former rural shires that have accommodated large-scale urban development – although in one instance the state government intervened to divide a shire into two, apparently believing that a single local government would become too large.

Pressure has been mounting for some time for a thorough review of local government boundaries in metropolitan Perth, and in its 2011 budget the state government announced funding for an independent panel to undertake a wide-ranging review of both boundaries and governance frameworks (for example, the....).¹⁵ The panel is due to report to the minister for local government in June 2012. It has already released a ‘Findings’ paper that highlights the importance of an enhanced strategic approach on the part of both state and local governments to manage metropolitan growth, and indicates a need for a substantial reduction in the number of local councils, probably to less than a dozen (see <http://metroreview.dlg.wa.gov.au>).

In sum, the natural and cultural endowments of Western Australia have produced a specific variant of the Australian model of metropolitan governance, characterized by strong state leadership and a high degree of stability and coherence in state-dominated institutional arrangements. Of course this does not mean that governance has always been effective and efficient. It does mean, however, that many of the usual distractions and agitations of metropolitan management – divided responsibilities, financial inequities, poorly coordinated networks and services – barely exist in Perth. It also means, as simple examples, that the level of service on Perth’s roads is the highest of the state capitals, that Perth’s metropolitan parks system is the most extensive, and that over a long period housing in Perth was the most affordable and medium-density planning approvals were the most efficient.¹⁶ And as a further, striking example of the nature of governance, it means that in something as significant as the redevelopment of the central Perth waterfront (see Figure 3), the Perth City Council is little more than an onlooker. The project is in the hands of the recently established Metropolitan Redevelopment Authority, and is described as: ‘Delivered by the State Government and supported by the City of Perth.’¹⁷ That captures the character of Western Australia’s metropolitan governance as well as any detailed description.

Figure 3: Proposed Redevelopment of Perth Waterfront



Large-scale redevelopment of the Perth waterfront is envisaged to create a new urban quarter and to bring the Swan River back to its original relationship with the central business district.

3.3 Finance

As noted in section 2, local governments are restricted to property tax and fees and charges as their main sources of income, but fortunately this narrow revenue base is matched by their limited functions. By contrast, state governments have far-reaching responsibilities without corresponding revenues and are heavily reliant on federal transfers, which amount to around half of state revenues.

Tables 4 and 5 show revenues and expenditures of state and local governments in the Perth region for 2008-09. Figures for the state government are estimates only, based on the region's share of the state's total population, as comprehensive region-specific data is not published. One explanation for this omission is that providing such data would be inherently difficult:

- Allocations would need to estimate the spatial distribution of the benefits of expenditure, not simply the location where funds are expended – for instance, the economic benefits from a remote road project might accrue in large measure to the metropolitan region, whilst head office and other overhead costs incurred in Perth have benefits across the state.
- Explicit and almost ubiquitous hidden subsidies for state services provided more-or-less equally across the state – education, for instance, or policing – would need to be estimated.

- Then it might be necessary to estimate where the demand for expenditure is greatest, since the needs of the different regions are by no means equal.

An alternative explanation, however, is that governments (not just Western Australia) might not like what would emerge from this form of accounting. It would most likely fuel arguments that certain regions are neglected or not getting their ‘fair share’; and that ‘the bush’ is subsidising ‘the city’, or perhaps vice versa.

The nearest the state government comes to providing information about the spatial distribution of expenditure is to list major projects in each region (see ‘In your area’ at www.ourstatebudget.wa.gov.au). The lists are mainly confined to capital projects, and add up to only a small proportion of state government expenditure. A recent new element is the ‘Royalties for the Regions’ program: this reflects an explicit policy of shifting resources to the non-metropolitan regions taken to the last state election by the minor coalition partner (see www.royaltiesforregions.wa.gov.au). Both of these initiatives – the listing of projects by region, and the creation of a major funding program for non-metropolitan regions – suggest that there may be an unstoppable trend to greater accountability for how state funds are raised and expended across the state. Each step in this direction will be a meaningful improvement in state governance and metropolitan governance.

Estimated state government revenues and expenditures in the Perth region are nearly ten times those of local government, highlighting the modest role played by the latter. Local councils nevertheless perform crucial and high-profile roles as place makers and place managers, as well as being agents of the state and advocates for their districts.

Table 4: State and local government sources of revenues, Perth region 2008-09

Revenue Sources	State Government*	Local Government (30 councils)	Local Government Range
Taxes	29%	50%	31-80%
User Fees	7%	21%	6-49%
Other Own Source	20%	13%	0-42%
Total Own Source Revenue	56%	84%	61-98%
Inter-government Transfers	44%	16%	2-39%
Total Revenue	\$14,361m	\$1,629m	\$2-142m
<i>Total Per Capita</i>	<i>\$8,656</i>	<i>\$982</i>	<i>\$622-6088</i>

*State revenue in the Perth region is an estimate based on the region’s share of total state population.

Source: State government data from ABS Catalogue 5512. Local government data from WA Department of Local Government.

The tables also illustrate the very different roles of state and local governments in the management of the Perth region. The state government – which receives nearly half of its revenue in the form of federal grants and transfers – is responsible for transport, public safety, environment, education, health and other community services. In most of these areas, the responsibilities of local governments are minor to negligible.

There are two areas, however, where the collective per capita expenditures of local governments in the Perth region are comparable to state per capita expenditure: transport (where the state government spends \$711 per capita and local governments spend \$232 per capita, chiefly on local roads) and parks, recreation and culture (\$276 and \$222 respectively) – both being responsibilities which accord with the place making and place management roles of local governments.

The local government data in Table 5 need to be treated with caution as income and expenditure within some categories may vary considerably from year to year (depending, for example, on receipt of grants and subsidies, or returns from commercial ventures, sale of land etc), and different local governments may allocate expenditure items to different categories.

There is no obvious pattern to total expenditure and the percentage allocation to different functions, except that the City of Perth is clearly the highest spending authority. This reflects its command of property tax revenues from the central business district, and its responsibilities for managing the city centre and major civic precincts. The same applies to a lesser extent to the City of Fremantle, which includes important commercial, tourism and port facilities.

Table 5: State and local government patterns of expenditure in the Perth region, 2008-09

Expenditures	State Government*	Local Government (30 councils)	Local Government Range
Roads and Transport	8%	25%	0-40%
Public Safety	11%	3%	0-7%
Environment	3%	8%	0-24%
Education	26%	-	-
Community Services	40%	7%	0-28%
Parks, Recreation and Culture	3%	24%	1-40%
Debt Charges	8%	1%	0-3%
Other#	-	33%	13-70%
Total Expenditures	\$14,127m	\$1,562m	\$3-155m
Total Per Capita	\$8,516	\$942	\$525-7,279

*State expenditure in the Perth region is an estimate based on the region's share of total state population.

#Includes Community Amenities, Governance and a range of minor expenditures.

Source: State government data from ABS Catalogue 5512. Local government data from WA Department of Local Government.

A significant feature is the very low level of debt carried by councils – in many cases they are debt free. This reflects an aversion to debt brought about partly by the rhetoric of federal and state treasurers, and partly by concerns that local revenues may falter and not prove sufficient to repay large loans. Such limited use of borrowings constrains local government's ability to undertake substantial infrastructure projects.

In terms of the two primary areas of local government expenditure identified earlier – transport, and parks, recreation and cultural facilities – the City of Perth spends \$2,633 per capita on transport, primarily on a comprehensive, state-mandated parking scheme which funds a free bus service serving workers, shoppers and visitors in the city center, rather than the small residential

population. Half the metropolitan local governments spend between \$200 and \$400 per capita, mainly on road maintenance and parking services, but with local differences in needs and priorities. Three local governments spend up to twice as much: since these are inner-city, middle-ring and outer local governments respectively, they are probably supplying quite different mixes of transport products and services.

The City of Perth spends \$1,170 per capita on parks, recreation and culture, again primarily serving the additional day-time population rather than residents. Most other metropolitan local governments spend between \$200 and \$300 per capita, while some spend double the average, and others only half the average. The inner-city local governments are at the upper end of the list, the middle ring local governments are generally in the middle, and the outer local governments are mainly at the lower end of expenditure levels. This reflects resources and priorities. The inner-city areas are typically wealthier and do not have to meet the demands of rapid growth, while the outer areas are generally less affluent and have to meet capital demands which run ahead of property-tax revenues.

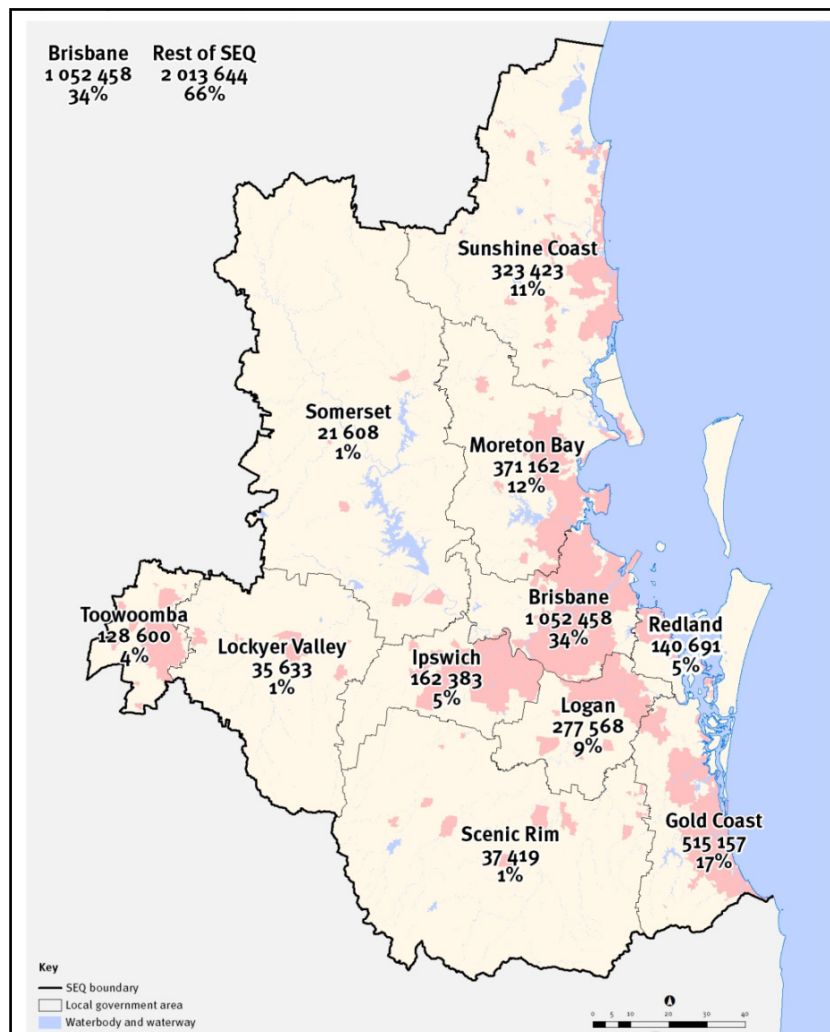
4. South East Queensland

4.1 Governance framework

South East Queensland (SEQ) comprises eleven local government areas, as shown on Figure 4. It is a multi-centered metropolitan region covering and linking Greater Brisbane, the Sunshine Coast, the Gold Coast and Toowoomba. In June 2009 the estimated population was 3.07m, of which about a third lived in the 'core' City of Brisbane (1.05m) and most of the remainder in six other large local government units: Gold Coast, Moreton Bay, Sunshine Coast, Logan, Ipswich and Redland. South East Queensland has the four most populous local government areas in Australia, and about 66% of the state's total population. Projections indicate a regional population of 4.43m by 2031.

At around 23,000 km², SEQ is also a very large geographic region extending well beyond the developed urban area. Toowoomba is about 100km west of Brisbane, separated from the core city by extensive rural areas in Lockyer Valley. Somerset and Scenic Rim are also mostly rural, with uplands and forests.

Figure 4: Local governments and population distribution in South East Queensland 2009



The City of Brisbane is by far Australia's largest local government and dominates its region. It was created in 1926 through the amalgamation of twenty local government areas – the only success of the vigorous 'greater city' movement in Australia at the time. The City contains the seat of state government, Queensland's dominant business center, a major port and industrial complex, and extensive suburbs. It has a distinctive political structure with a popularly elected, semi-executive Lord Mayor and 26 full-time councillors each representing a local ward. Its budget is around US\$2 billion per annum. Although suburban growth has now extended well beyond its boundaries, the City remains pre-eminent in the region and will continue to grow strongly, mainly through urban renewal and increased residential densities. By 2031 it will still have around 30% of the SEQ population and remain the region's dominant commercial and industrial hub.

Nevertheless, as applies across Australia, the state government is the dominant provider of infrastructure and services, leads strategic planning and controls major developments. The structure thus conforms to the 'Australian model' summarized above. But local government in Queensland is financially and politically stronger than in other states, and carries some increased responsibilities, notably for infrastructure (especially water supply and sewerage), and in the case of the City of Brisbane, buses and river ferries. In March 2008, the Queensland government reduced the number of local governments in the state from 156 to 72, and in SEQ from 18 to 11, with just 7 for the main urban areas (excluding Toowoomba). The Reform Commission that recommended the new boundaries had identified a need for local governments that could manage the challenges of growth. It called for:

a local government structure which responds to the particular characteristics of the regional economies emerging over the coming decades, recognizing communities of interest are developing rapidly and differently across the regions due to improved transportation, telecommunications and economic interdependencies. This structure needs to give rise to local governments capable of responding to the sometimes quite diverse demands by these communities and be of a sufficient size and scale to generate cost efficient and effective services.¹⁸

All the new SEQ local governments have popularly elected mayors who meet under the aegis of the Council of Mayors of South East Queensland (COMSEQ). This replaced the former SEQ Regional Organization of Councils, which had long played a significant role in representing local government's interests to state and federal governments, particularly in regional planning. COMSEQ facilitates extensive cooperation on policy issues and special projects, but to date there has been little or no formal shared service delivery amongst its members.

Apart from Brisbane City's role in public transport, all SEQ local governments have the same statutory responsibilities for infrastructure, service delivery, planning and regulation. The local government Act, like those in most other states, is permissive rather than prescriptive, and local governments have considerable scope to fine-tune their functions and priorities according to local needs and demands. For example, Gold Coast City has decided to part-fund a major light rail project, although it is under no obligation to do so. Its decision reflects the relative financial strength of the large SEQ local governments, coupled with the need for improved infrastructure to support rapid growth (see below).

4.2 Metropolitan planning and management

After decades of inattention to metropolitan issues, the Queensland Government embarked in the 1990s on a series of significant reforms to both regional planning and later local government. Thus like Perth, SEQ has a well articulated framework for metropolitan planning and growth management, in this case focused on the SEQ Regional Planning Committee (RPC), other regional and sub-regional committees, and a leading state agency (now 'Growth Management Queensland' within the Department of State Development, Infrastructure and Planning). The current *SEQ Regional Plan 2009-2031* covers the whole metropolitan region, and again as in Perth, it is a statutory document, legally made by the responsible state minister under Queensland's *Sustainable Planning Act 2009*.

The RPC has operated in various forms for two decades. Uniquely in Australian metropolitan planning, it is a *political* rather than technical committee, reflecting in part the more equal relationship between state and local government in Queensland. It consists of eight state ministers, five mayors and a federal representative, and is chaired by the state planning minister. The committee has sought to strengthen links with the federal government by having the latter appoint a political representative, rather than an official.

Community, business and environmental groups are not directly represented on the RPC, but they are included in various sub-committees that report to the committee, state agencies and local governments. Also, in early 2010 the former premier convened a 'Growth Summit' bringing together a broad range of government and non-government stakeholders to discuss current and emerging issues.

As in other states, the key players in metropolitan management are the large state infrastructure and service agencies. These are linked through state cabinet and other ministerial arrangements, as well as numerous regional, sub-regional and sectoral inter-departmental committees. However, the Queensland government has strengthened these arrangements in several ways:

- Through the regional planning structures and processes already described.
- By appointing a Coordinator General with powers under the *State Development and Public Works Organisation Act 1971* (a position originally created in 1938).
- By establishing a state department with responsibilities for growth management, infrastructure and, until recently, local government; the Translink Transit Authority to coordinate transportation network planning and service delivery; and an Urban Land Development Authority to facilitate some major renewal projects and new suburban developments.
- By adopting a 20-year SEQ Infrastructure Plan and Program that complements the regional plan and is linked to the annual budget process.

Although some elements are longstanding, this framework is of recent origin and it remains to be seen how effectively it will generate the required focus on a coordinated approach to metropolitan governance and management.¹⁹ For example, the pressures of recovery from the damage caused by the recent severe floods in South East Queensland, and by cyclones and flooding in the far north, may divert the attention of the state government for some time. This points to a significant weakness in the 'Australian model', namely that state governments have wide-ranging and often

pressing responsibilities in addition to metropolitan governance, and needs elsewhere may take precedence.

Funding rapid expansion of infrastructure and services is also of concern. The current rate of investment in major projects in SEQ (around \$3-4 billion per annum) is insufficient to meet long term needs, and there are already serious backlogs. Annual expenditure needs to double in order to complete key projects over the next two decades. The level of future federal government support will be a critical factor (see section 4.2).

Another disturbing factor could be emerging distrust between state and local governments. As noted earlier, SEQ local governments are larger and more influential than their counterparts elsewhere in Australia, and over recent decades, led by Brisbane City Council, they have enjoyed a more collaborative and respectful relationship with the state government. However, this has been undermined to some degree by the recent amalgamations, state intervention to restructure local government water and sewerage entities, and tensions over increasing state control of major planning and development projects. John Abbott has noted that:

The collaborative dynamics in SEQ need to be strengthened and revitalised by improving the capacity for joint action by GMQ [Growth Management Queensland] and COMSEQ and by leadership by state and local governments. Resources for an expanded SEQ policy focus around the RPC secretariat in GMQ would improve the capacity for joint action. The next review of the SEQR [Regional Plan] is expected to commence in 2012 and this will provide opportunities for both state and local governments to show leadership, develop new joint projects and actions, and improve trust and commitment to collaborative governance in SEQ.²⁰

Perhaps the recent election as premier of the former Lord Mayor of Brisbane, who has averred a commitment to strong local government, will ensure a productive relationship.

4.3 Finance

Tables 6 and 7 show revenues and expenditures of state and local governments in the SEQ region for 2008-09. The figures exclude Toowoomba, which, although nominally part of SEQ, is functionally quite separate and a major regional centre in its own right. Again, the local government data need to be treated as indicative only due to annual variations and differing accounting practices from one council to another.

The general comments made at the beginning of section 4.1 with respect to state revenue and expenditure apply equally to Queensland. As in the case of Western Australia, nearly half of Queensland government revenues come from federal grants. Queensland has been a low-taxing state even within the confines of the options available to it. According to the Queensland government's own budget papers, the state's tax effort, as measured by the Commonwealth Grants Commission, was more than 13% below the national average in 2008-09, and this gap appears to be widening. Future levels of federal support could thus be critical in determining the state's ability to fund essential infrastructure.

Local government revenues and expenditures are dwarfed by those of the state. As in Western Australia, a regional breakdown of state expenditure is not available, but applying population ratios

to total state expenditure and using Australian Bureau of Statistics data produces a figure of about \$24.5 billion for SEQ in 2008-09, approximately \$8,350 per capita. This is roughly six times greater than local government – even in a metropolitan region with unusually strong local governments. It again reflects the state’s responsibility for major services and infrastructure.

Table 6: State and local government sources of revenue, SEQ 2008-09

Revenue Sources	State Government*	Local Government (10 councils)	Local Government Range
Taxes	24%	33%	25-39%
User Fees	10%	40%	28-48%
Other Own Source	25%	13%	3-22%
Total Own Source Revenue	59%	85%	68-92%
Inter-government Transfers	41%	15%	8-32%
Total Revenue	\$24,568m	\$4,657m	\$44-1,834m
Total Per Capita	\$8,363	\$1,585	\$1,099-2,037

* State revenue in SEQ is an estimate based on the region’s share of total state population.

Source: State government data calculated from ABS catalogue 5512. Local government data from Queensland Department of Local Government and Planning.

Table 6 indicates some significant variations in revenue patterns and total revenue per capita within local government. Logan and Moreton Bay are low taxing local governments (property tax per capita), whilst Brisbane and Gold Coast received relatively little by way of inter-government transfers. Nevertheless, Brisbane had the highest revenue per capita (both own source and total) by a substantial margin, perhaps reflecting in part its additional functions in public transport. However, its level of property tax per capita was exceeded by Gold Coast, which is perhaps surprising given Brisbane’s command of the central business district and major industrial areas.

Grants and subsidies (inter-government transfers) as a percentage of total revenue ranged from 8.5% for Gold Coast and 10% for Brisbane to a narrow range of 15-20% for most of the remainder, which is fairly typical of urban local governments. Of that amount, general purpose federal assistance grants accounted for somewhat more than half.

The expenditure figures in Table 7 underscore the sharp differences between local and state government responsibilities. They also reveal a fairly typical local government pattern with a strong emphasis on roads, waste management, aspects of planning and environmental control, and parks and recreation. As applies across Australia, local government plays only a minor role in public order and safety and social services, including health and education. Brisbane City has by far the highest total expenditure, reflecting its population, and also leads (but to a much lesser extent) in per capita expenditure. However, there is no general correlation between size and expenditure. Two large local governments, Moreton Bay and Logan, have low levels of per capita expenditure.

Table 7: State and local government patterns of expenditure in SEQ, 2008-09

Expenditures	State Government*	Local Government	Local Government Range
Roads and Transport	16%	23%	15-54%
Public Safety	9%	2%	1-4%
Environment	4%	11%	4-19%
Education	22%	1%	0-5%
Community Services	35%	-	-
Parks, Recreation and Culture	25	12%	5-24%
Planning and Development	n/a	7%	4-12%
Debt Charges	2%	-	-
Other#	11%	51%	11-55%
Total Expenditures	\$24,540m	\$3,764m	\$26-1,666m
Total Per Capita	\$8,354	\$1,167	\$793-1,583

* State expenditure in SEQ is an estimate based on the region's share of total state population. Planning and development is not separately identified.

^ Excludes most capital expenditure.

Includes administration and a range of minor expenditures.

Source: State government data calculated from ABS catalogue 5512 data. Local government data from Queensland Department of Local Government and Planning.

5. Insights and Challenges

Australia's major metropolitan regions will continue to grow rapidly, and there is increasing community concern about the environmental and social impacts of urban growth. Whilst Australian cities continue to rate highly on international scales of livability, there is a popular perception that quality of life and that of major urban services – public transport, education and health – is declining, at least relative to rising community expectations.²¹

Governments at all levels are thus faced with the challenge of providing for both growth and improvement, and it is questionable whether this can be achieved within current policy settings.²² As noted earlier, there are already some significant backlogs in infrastructure systems, notably public transport, due to under-investment over recent decades. At both federal and state levels, governments have sought to reduce their share of GDP, lower taxes and limit borrowing. In the case of the states, these policies have tended to compound the difficulties they face due to their limited tax base. Whilst public-private partnerships have been used for some major infrastructure projects, notably toll roads but also public transport and hospitals, these have not always proved financially viable or satisfactory in practice. Hence calls for the federal government to play a larger role and lend its financial support.

Investment in metropolitan infrastructure and services is also subject to competition from regional development, especially the need for similar high levels of public investment in Australia's resource-rich regions that provide the mineral exports essential for national wealth and wellbeing. As well, significant policy conflicts need to be addressed: for example, maintenance of housing affordability is seen to require downward pressure on infrastructure charges levied on residential development, but how otherwise is infrastructure to be funded?

Unless these critical financial and policy issues can be resolved – which would seem to require governments, business and the community to face up to the need for higher taxes and/or charges, possibly increased land tax or congestion pricing as suggested in the Henry tax review²³ – it is difficult to see adjustments to metropolitan governance and planning arrangements having much strategic impact. True, governments can seek to ensure that public funds are expended wisely and efficiently, that the private sector is given sound guidance, that new suburbs and renewal areas are located advantageously, and that adverse environmental impacts are reduced; but the underlying problems will continue to accumulate.

Nevertheless, if resources can be increased, the 'Australian model' of state governments being responsible for both metropolitan regions and their hinterlands, and directly providing most services, can provide a platform for sound integrated planning and governance. Both Perth and SEQ offer valuable insights into the types of arrangements that can prove effective. At this stage, however, neither provides adequately for enhanced federal government involvement, should that develop, nor fuller participation by local government.

The need for a stronger focus on *integrated* strategic planning was highlighted in the review of metropolitan planning systems by the COAG Reform Council. The Council recommended that:

...COAG **note** that none of the capital city strategic planning systems were found to be wholly consistent with the agreed criteria...

COAG should **encourage** governments to continue to focus their efforts on *improved integration*—complementary and consistent planning and delivery across relevant parts of government, especially transport, economic development and land use, including:

- integration *within* governments, including the Commonwealth as well as State and Territory, and local governments
- integration *between* governments, based on continued collaboration.

The Council also emphasised the importance of better data and evidence-based policy, frameworks for measuring progress and monitoring implementation of strategic plans, and ongoing engagement with all stakeholders.²⁴

At the same time, the recently released National Urban Policy clearly envisages a stronger role for the federal government in metropolitan policy and governance. It quotes the OECD's view that:

Urban issues have emerged as key features of national policy agendas. The importance of cities and their metropolitan areas to the national economy as well as their strategic role as global nodes in international markets has led governments to renew their support for cities. The concept of urban policy transcends the confines of narrow definitions given that nearly all public policies directly or indirectly affect urban development.²⁵

The policy then argues that:

How the Australian Government plans and coordinates its activities has direct and indirect impact on our cities; from how the Australian Government works with State and Territory governments to fund infrastructure, through to how we structure our investment in health and education services.

The Australian Constitution establishes that State and Territory governments have principal responsibility for the planning and management of cities. Nevertheless, since Federation, the Australian Government has had a substantial role in cities through: direct investment in housing and social and economic infrastructure and economic policy settings; property ownership; labour market regulation, immigration and taxation policies; and regulatory functions. In this way, over the years, the Australian Government has helped to shape our cities. This involvement has not always been based on clear principles and objectives.

There has been strong support for the Australian Government to increase its involvement and leadership in cities. The National Urban Policy outlines how the Australian Government's future actions will be shaped to produce better outcomes for our cities.²⁶

The current federal government has already committed substantial funding to major infrastructure projects, notably urban transport, but the sums involved fall far short of what the states need. Nor is there any clear indication that the National Urban Policy will be accompanied by an increased and ongoing financial commitment to address the issues raised. Indeed, for the foreseeable future the federal government will be focused on fiscal tightening to bring its budget back into surplus following massive stimulus spending during the Global Financial Crisis, as well as the heavy cost of disaster recovery after recent cyclones and floods.

This leaves the continuing vexed issue of the appropriate role, scale and structures of local government in metropolitan governance and management.²⁷ Queensland has amalgamated local governments into (by Australian standards) exceptionally large units in pursuit of ‘strategic capacity’ – enhanced financial strength, know-how, productivity, creativity and ability to cope with change.²⁸ It is too early to determine whether these objectives will be achieved: Brisbane City Council is widely regarded as a successful model, but has had nearly a century to mature. Moreover, it is not clear that the Queensland state government has reached a firm ‘whole of government’ conclusion on the kind of role it wants the big new local governments to play: the former Labor administration’s establishment of the Urban Land Development Authority to take over from local government in planning major development projects suggested contradictory policy settings. Those may now be reviewed under the new Liberal-National government.

Local governments in Western Australia have fewer functions and less influence than in Queensland, and there is little sign that this will change, even if the current review leads to much larger local governments in the metropolitan region. Indeed, the fragmentation of local governments in the Perth region may have been of little consequence in terms of metropolitan outcomes – although their sheer number undoubtedly impaired their ability to collaborate or negotiate with the state government, and in many cases their limited fiscal and organisational resources would have reduced their capacity to enhance community wellbeing as local ‘place shapers’ and ‘place managers’.

Thus whilst local government consolidation may well be desirable for other reasons, especially if councils are expected to play a stronger role in urban management, the existence of numerous, relatively small local governments does not necessarily equate with fragmentation of *metropolitan* governance. Under the ‘Australian model’ of direct state government control, issues of efficiency, equity and environmental quality can be managed within one jurisdiction across the metropolitan region and the state, and coordination of key agencies could be achieved relatively easily – provided the *states* organise themselves appropriately. In fact, any large-scale devolution of additional powers and resources to local governments – even large units – could generate wholly new problems of intra-metropolitan equity, horizontal fiscal imbalance, and inefficiencies in service provision. Similarly, transfer of significant functions to a new ‘tier’ of metropolitan government – which might have a bigger budget than the residual state government – could raise issues of equity between the metropolitan region and its hinterland, and may tend to disenfranchise the third of the population living in the rest of the state.²⁹

Notwithstanding those doubts, there may well be a case for the states to establish – or in some cases re-establish – metropolitan ‘commissions’ or the like that would provide ‘more explicit metropolitan governance.’³⁰ These might comprise a mix of state appointees and indirectly elected representatives of local government, similar to the former Melbourne and Metropolitan Board of Works and Perth Metropolitan Region Planning Authority. They could provide a responsible forum and focus for coordination of metropolitan planning, services and infrastructure, and for the expression of metropolitan community views and aspirations.

What is missing is an intervening layer for the negotiation of state and local development ambitions at the regional level. And yet there exists no mechanism for consultation, clarification and leadership at the regional level. These critical ends cannot be met within the confines of municipal politics and government. Urban local government amalgamations in jurisdictions such as Queensland and Victoria

have increased the scale and competencies of municipalities but not to the extent required by regional coordination.³¹

An alternative – or complementary – approach was set out in the *Cities for the 21st Strategy* for Sydney published by the then NSW Department of Planning in 1995. It proposed:

...a new integrated urban management approach [that] seeks to supplement or improve existing management mechanisms through better consideration of the vision, goals and key principles of the Strategy. It provides a framework within which the actions and policies of key decision makers can be coordinated and integrated. It also provides a reference point for budget allocation decisions.

The Strategy also provides a context within which other arms of government can use the *collegiate approach* [emphasis added] to prepare strategies, policies and plans...³²

The department went on to propose a mix of measures comprising an Urban Policy Committee of Cabinet; an officer-level Metropolitan Strategy Committee including local government representation; four regional sub-committees and four sectoral committees, all with local government participation; a Transport Task Force; a Community Reference Group; a Metropolitan Strategy Monitoring Unit that would amongst other things facilitate links to the state budget; and annual Metro Forums involving a broad range of stakeholders that would receive reports from the various committees. These proposals were never fully implemented so the potential worth of the department's approach cannot be assessed.

By the same token, it seems clear that local government needs to do more to promote regional and sub-regional collaboration between councils. The SEQ Council of Mayors is a relatively well resourced regional organisation able to play a significant role in advocacy, metropolitan planning and management of special projects, but its role in 'day to day' coordination of local government's contribution to metropolitan management remains very limited. In Perth, there is no region-wide local government entity to facilitate coordination of council activities or planning and policy development: councils do work together in five sub-regional organisations but their role is confined largely to waste management.

The underlying theme here, as John Abbott points out, is that successful planning and management of metropolitan areas demands effective mechanisms for collaborative governance:

The processes and structures of public policy decision making and management that engage people constructively across the boundaries of public agencies, levels of government, and/or the public, private and civic spheres in order to carry out a public purpose that could not otherwise be accomplished.³³

From his assessment of recent approaches to regional planning for South East Queensland, Abbott concludes that collaborative governance arrangements need to extend to the federal government and business and community stakeholders, but at their core require leadership by both state and local governments and shared experience, knowledge and commitment on their part in the development and effective implementation of metropolitan strategies.³⁴

Collaborative governance can take various forms. Nevertheless, in the Australian context the fundamental issue remains the capacity and performance of the states as metropolitan managers. Will they have adequate resources to do the job, and will they align planning, governance and

agency structures in order to do the job well? The federal government can certainly help by ensuring that its own policy settings are supportive, and especially by providing essential financial support. Local governments can enhance their role in the effective governance of places and communities, larger councils could make a greater contribution to metropolitan management in their own right, and local government generally could strengthen its capacity through increased (sub) regional cooperation and resource sharing. Amalgamation of local government areas may well be appropriate in some instances. But if critical challenges are to be met, and desired outcomes achieved, the states must more explicitly acknowledge and accept their responsibilities as metropolitan (as well as state) governments. The 'Australian model' requires them to give integrated metropolitan governance and planning the priority it deserves, and to place it at the centre of their administrative arrangements.

¹ For further background on the 'Australian model' and metropolitan management issues in both Australian and international contexts, see Graham Sansom (ed) (2010) *International Roundtable on Metropolitan Governance, Sydney 14-15 December 2009: Summary Report* and (2011) *Second International Roundtable on Metropolitan Governance, Brisbane, 19-20 August 2010: Summary Report*, Australian Centre of Excellence for Local Government.

² As indicated in Table 2, the greater metropolitan region also includes the Hunter and Illawarra districts, which would not normally be described as 'Sydney'.

³ Productivity Commission (2008) *Assessing Local Government Revenue Raising Capacity*, Research Report, Commonwealth of Australia.

⁴ John Abbott (2010) 'Regions of Cities: Metropolitan Governance and Planning in Australia' in Jiang Xu and Anthony Yeh (eds) *Governance and Planning of Mega-City Regions: An International Comparative Perspective*, London, Routledge.

⁵ Australian Government (2011) *Our Cities, Our Future: A national urban policy for a productive, sustainable and liveable future*, Canberra

⁶ Australian Government (2010) *Our Cities – Discussion Paper: A national strategy for the future of Australian cities*, Canberra, p61

⁷ Ibid. p62

⁸ COAG Reform Council (2011) *Review of capital city strategic planning systems*, Report to the Council of Australian Governments

⁹ However, apparently in response to growing public disquiet about planning processes and decisions, the recently elected Coalition state government in New South Wales has reversed this trend and returned some powers to local government whilst also stripping the minister of most of his power to determine development proposals.

¹⁰ Australian Bureau of Statistics (2006) *Perth: A Social Atlas*, catalogue 2030.5.

¹¹ Jeremy Dawkins (2009) 'The difference that planning makes in Western Australia', *Review: Journal of the International Society of City and Regional Planners*, No.4, pp 34-49.

¹² Gordon Stephenson and Alistair Hepburn (1955) *Plan for the metropolitan region, Perth and Fremantle*. Perth: Government Printer. Maps in the atlas are available at <http://www.wapc.wa.gov.au/Mapping/889.aspx>

¹³ Jeremy Dawkins and Anne Matan (2008) *Change of scale: Perth grows from suburbs to cities*. Perth, WA: Western Australian Planning Commission.

¹⁴ Jeremy Dawkins (2009) op cit; Western Australian Planning Commission (2007) *The case for retaining the metropolitan region improvement tax* and (2008) *Stories from fifty years of regional planning*, Perth: WAPC. Accessible at <http://www.wapc.wa.gov.au/Publications/default.aspx>

¹⁵ John Castrilli (2011) *John Castrilli's Portfolio News Issue 10*, Minister for Local Government, Heritage, Citizenship and Multicultural Interests, Western Australia, p4.

¹⁶ Productivity Commission (2004) *First Home Ownership*. Inquiry report No 28.

¹⁷ See <http://www.mra.wa.gov.au/Projects/Perth-Waterfront/About-the-Project>

¹⁸ Local Government Reform Commission (2007) *Report: Volume 1*, State of Queensland, p5

¹⁹ Already, some changes have been made since the election of a Liberal-National Party government in March 2012, notably the separation of local government responsibilities from planning and infrastructure.

²⁰ John Abbott (2012) *Collaborative Governance and Metropolitan Planning in South East Queensland - 1990 to 2010: from a voluntary to a statutory model*, Australian Centre of Excellence for Local Government

²¹ Australian Government (2011) op cit. p13

²² Ibid. pp14-15

²³ See John Passant and John McLaren, J (2011) *The Henry Review of Australia's Future Tax System: Implications for Local Government*, Working Paper No. 3, Australian Centre of Excellence for Local Government

²⁴ COAG Reform Council (2011) Op cit. pp11-12

²⁵ Ibid. p8

²⁶ Ibid. p11

²⁷ See Chris Aulich et al (2011) *Consolidation in Local Government: A Fresh Look, Volume 1 – Report*, Australian Centre of Excellence for Local Government

²⁸ Local Government Reform Commission op cit. pp12-13

²⁹ John C Quiggin (2005) *Untangling the web of Commonwealth/State/Local government funding - what did your GST buy?* Infrastructure First Discussion Paper Series 1, May 2005, Housing Industry Association (accessible at <http://espace.library.uq.edu.au/view/UQ:84568>).

³⁰ Brendan Gleeson, Jago Dodson and Marcus Spiller, M (2010) *Metropolitan governance for the Australian city: The case for reform*, Issues Paper 12, Urban Research Program, Griffith University, pp 1 and 13

³¹ Ibid. p8

³² NSW Department of Planning (1995) *Cities for the 21st Century: Integrated Urban Management for Sydney, Newcastle, the Central Coast and Wollongong*, pp 107-114

³³ John Abbott (2012) Op cit, p 4

³⁴ Ibid pp 4-6

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UTS: Centre for Local Government (UTS:CLG) promotes a cooperative approach to local government education, research and development, and maintains close ties with a large number of local government associations, professional institutes and academic bodies in Australia, the Asia-Pacific and globally.

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ACELG is a unique consortium of universities and professional bodies that have a strong commitment to the advancement of local government. The consortium is led by the University of Technology Sydney's Centre for Local Government, and includes the University of Canberra, the Australia and New Zealand School of Government, Local Government Managers Australia and the Institute of Public Works Engineering Australia. In addition, the Centre works with program partners to provide support in specialist areas and extend the Centre's national reach. These include Charles Darwin University and Edith Cowan University.

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