



*SUMMARY REPORT*  
**SECOND INTERNATIONAL ROUNDTABLE ON  
METROPOLITAN GOVERNANCE**

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AUSTRALIAN CENTRE OF EXCELLENCE FOR LOCAL GOVERNMENT



BRISBANE  
19 - 20 AUG  
2011

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# 1 Introduction

Cllr CAMPBELL  
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HINCHCLIFFE<sup>2</sup>Cllr PAUL BELL<sup>3</sup>RUPAK  
CHATTOPADHYAY<sup>4</sup>

<sup>1</sup> Lord Mayor of Brisbane and Chairperson,  
South East Queensland Council of Mayors

<sup>2</sup> Queensland Minister for Infrastructure and  
Planning

<sup>3</sup> President,  
Local Government Association of Queensland

<sup>4</sup> Vice President of the Forum of Federations

This Roundtable was part of a series of activities being undertaken by the Forum of Federations to explore key issues in metropolitan planning and governance in federal countries. It built on the roundtable held in Sydney in December 2009, also jointly convened by the Forum and the Australian Centre of Excellence for Local Government (ACELG). The papers presented and discussion of issues will contribute to a book of comparative studies covering ten countries. Material from the Roundtable will also feed into further work by ACELG on metropolitan governance, and in particular local government's role and relationships with state and federal governments in the emerging Australian context.

ACELG and the Forum of Federations were keen to draw on the experience gained in South East Queensland over the past two decades in terms of both mechanisms for managing metropolitan growth and systems of governance. At the same time, the Roundtable offered Queensland practitioners the opportunity to compare experiences with experts from several other federal countries, particularly Canada, as well as New Zealand (where recent moves to amalgamate Auckland local governments into a 'super city' are bringing about dramatic changes in patterns of metropolitan governance and the potential for a paradigm shift).

The Roundtable was seen as particularly timely when Australia is embarking on new initiatives in metropolitan planning and governance, notably through the work of Infrastructure Australia and the federal government's Major Cities Unit in completing its State of the Cities report and developing a national urban policy. At the same time, the Council of Australian Governments (leaders of federal and state/territory governments plus the president of Australian Local Government Association) has adopted national guidelines for capital city (metropolitan area) strategic planning, and established an expert advisory panel to promote their effective implementation.



International contributors came from Canada, the USA, South Africa, India, Switzerland and New Zealand. Australian participants included senior federal, state and local government representatives, together with other leading practitioners and academics. The Roundtable sessions were conducted under 'Chatham House' rules to facilitate a frank exchange of views.

The Roundtable began on 19 August with a reception and dinner generously hosted by Brisbane City Council and the Local Government Association of Queensland. Participants were greeted by the Lord Mayor and Chair of the South East Queensland Council of Mayors, Cllr Campbell Newman. The Queensland Minister for Infrastructure and Planning, Hon Stirling Hinchcliffe, also extended a welcome.

Also in attendance were the President and Vice President of the Local Government Association of Queensland, Cllr Paul Bell and Mayor Bob Abbot.

The Vice President of the Forum of Federations, Rupak Chattopadhyay, thanked the hosts on behalf of the organisers and participants. He 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.

Before and during the dinner brief presentations were made on current developments in Canada, New Zealand and South East Queensland.

The main Roundtable presentations and discussion took place on the next day, 20 August. They included extended presentations on South East Queensland, plus contributions by all nine international guests and a wide range of Australian participants. A full list of participants is included at Annexure A.

This report does not attempt to provide a comprehensive and definitive account of discussions at the Roundtable. Rather it includes summaries of the major presentations, plus notes on the key themes and critical issues identified by participants, and highlights areas for further consideration, especially in the Australian context.

It is expected that the Forum of Federations' book on *Governance and Finance of Large Metropolitan Areas in Federal Systems* will be published in late 2011. The chapter on Australia will include brief case studies of South East Queensland and Perth.



# 2 Program

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## **THURSDAY 19 AUGUST** *(THE STRAND, BRISBANE)*

5.30 – 9.30pm

### **Opening Session and Dinner**

Welcome by the Lord Mayor of Brisbane

Dinner hosted by Council of Mayors (SEQ) and Local Government Association of Queensland

Presentations by Dr Enid Slack and Mr Jim Rusnak (Canada); Peter McKinlay (New Zealand) and Gary White (South East Queensland)

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## **FRIDAY 20 AUGUST** *(BRISBANE CITY COUNCIL)*

9am – 4.30pm

### **International Roundtable**

Presentations by Cr Amanda Cooper

Extended Presentation by Gary White

Contributions by other international and Australian experts

Roundtable discussion of key issues



## 3 International Presenters

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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. He sits on the editorial board of the Forum's *Global Dialogue on Federalism* and co-edited *Finance and Governance of Capital Cities in Federal Systems* with Enid Slack.

**David Imbroscio (USA)** is Professor in Political Science at the University of Louisville and a member of the School of Urban and Public Affairs. He has written extensively on city politics, serves on the editorial board of the *Journal of Urban Affairs*, and is a member of the Governing Board of the Urban Affairs Association.

**Harry Kitchen (Canada)** is Emeritus Professor of Economics at Trent University in Peterborough, Ontario. He has researched urban governance and finance issues widely in Canada and internationally, and has served as a consultant or advisor for municipal, provincial and federal governments in Canada, governments in Russia and China, and private sector organizations.

**Daniel Kubler (Switzerland)** is Professor in Political Science at the University of Zurich. He was previously with the Institute of Social Planning and Urban Development at the University of Basle. He specialises in urban politics, multi-level governance, public policy and representative democracy, and has held a visiting scholarship at the University of New South Wales.

**Peter McKinlay (New Zealand)** is Director of the Local Government Centre at AUT University, Auckland and leads the Centre's work on options for the future of metropolitan governance in Auckland. His primary interests are public policy and local governance, the design of governance structures and organisational strategy.

**Om Prakash Mathur (India)** is principal consultant and Professor of Urban Economics and Finance at the National Institute of Public Finance and Policy in Delhi. He was previously Director of the National Institute of Urban Affairs, and is currently a member of the Finance Commission of Delhi and Punjab, and the Planning Board of the National Capital Territory.

**Jim Rusnak (Canada)** is the Chief Financial Officer for Metro Vancouver. Metro Vancouver comprises the Greater Vancouver Regional District, the Greater Vancouver Water District, the Greater Vancouver Sewerage and Drainage District and the Metro Vancouver Housing Corporation. Prior to joining Metro Vancouver, Jim was in the private sector, holding senior positions in broadcasting.

**Enid Slack (Canada)** is Director of the Institute on Municipal Finance and Governance and Adjunct Professor at the Munk School of Global Affairs at the University of Toronto. She specialises in municipal and intergovernmental finance, and is a member of the steering committee of the Ontario Municipal Knowledge Network and the Advisory Board of the International Property Tax Institute.

**Nico Steytler (South Africa)** is Professor of Law and Director of the Community Law Centre at the University of Western Cape. He focuses on local government and intergovernmental relations, and is a senior member of South Africa's Municipal Demarcation Board and longstanding adviser to government. Nico is also Vice President of the International Association of Centres for Federal Studies.



# 4 South East Queensland

## 4.1 Regional Overview: Gary White, Queensland Government Planner



The metropolitan region of South East Queensland (SEQ) comprises 11 local government areas, as shown on Figures 1 and 2. It is a multi-centred metropolitan region covering and linking Greater Brisbane, the Sunshine Coast, the Gold Coast and Toowoomba. In June 2009 the population was estimated as 3.07m, of which about a third lived in the main City of Brisbane (1.05m). Projections indicate a regional population of 4.43m by 2031, with the majority of growth occurring outside the City of Brisbane. SEQ has about 70% of the State’s total population, a figure that is expected to remain roughly constant.

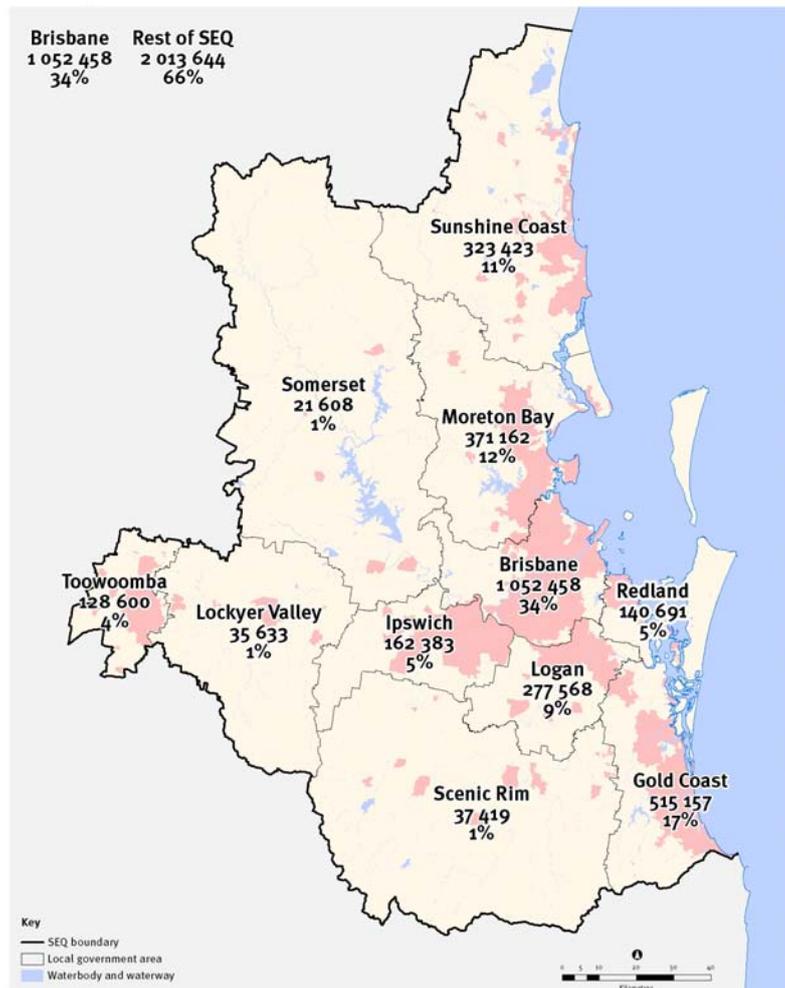


Figure 1: Population Distribution in South East Queensland 2009

At around 23,000 km<sup>2</sup>, SEQ is a larger geographic location than the defined metropolitan area (see Table 1). Population density is low: for example Chicago, with an area of just 591 km<sup>2</sup>, houses a population almost two-thirds of SEQ.



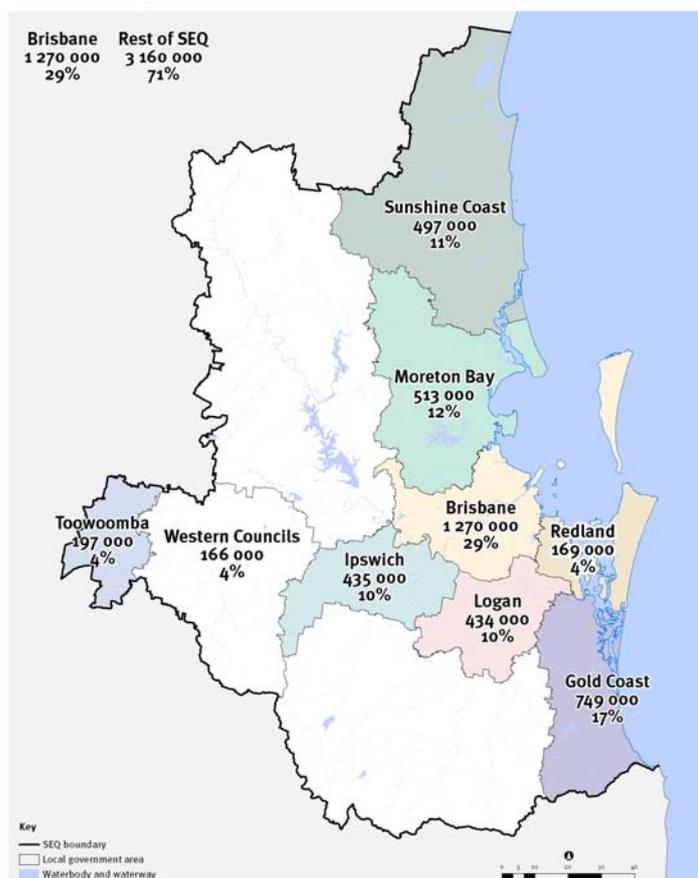
**Table 1: Population of Australian Metropolitan Statistical Divisions**

Statistical Division	Area (sq km)	Estimated Population 2009
Brisbane**	5,950	2,004,262
Sydney	12,138	4,504,469
Melbourne	7,692	3,995,537
Perth	5,386	1,658,992
Adelaide	1,827	1,187,466
Hobart (Greater)	1,357	212,019
Darwin	96	124,760
<b>South East Queensland</b>	<b>22,886</b>	<b>3,066,102</b>

Source: ABS 3218.0 Regional Population Growth, Australia, 30/03/2010

\* estimated

\*\* covers Brisbane, Redland and parts of Ipswich, Logan, Moreton Bay and northern Gold Coast



**Figure 2: Projected Population of South East Queensland 2031**



The SEQ region reflects strong concurrence between its urban, economic and social communities of interest and with regional environmental areas formed by rivers, catchments and habitats. In terms of spillovers of growth impacts, the major ones are as follows: urban growth across the border and along the coast into NSW; and economic and resource impacts across the western border around Toowoomba. Toowoomba forms the centre of a wider rural region extending well to the west. There are also some economic impacts across the northern border between Noosa and Gympie but these are buffered by National Parks and environmental areas.

### **GOVERNANCE FRAMEWORK**

The formal governance structure for the SEQ metropolitan region consists of the 11 local governments, the State government and the Commonwealth government.

Governments work together on regional planning matters through the SEQ Regional Planning Committee and other regional and sub-regional sectoral committees. Planning is carried out on a metropolitan-wide basis and the current *SEQ Regional Plan 2009-2031* covers the whole SEQ metropolitan region.

The SEQ Regional Planning Committee oversees the preparation and implementation of the SEQ Regional Plan. The Committee consists of eight State Ministers, five senior local government Mayors and a Commonwealth representative. It is chaired by the Minister for Infrastructure and Planning. The Committee is currently seeking to strengthen links with the Commonwealth by having the latter appoint a political representative.

Technical work on the preparation of the SEQ Regional Plan is done by the Department of Infrastructure and Planning and the plan is formally made, under the *Sustainable Planning Act 2009*, by the Minister for Infrastructure and Planning.

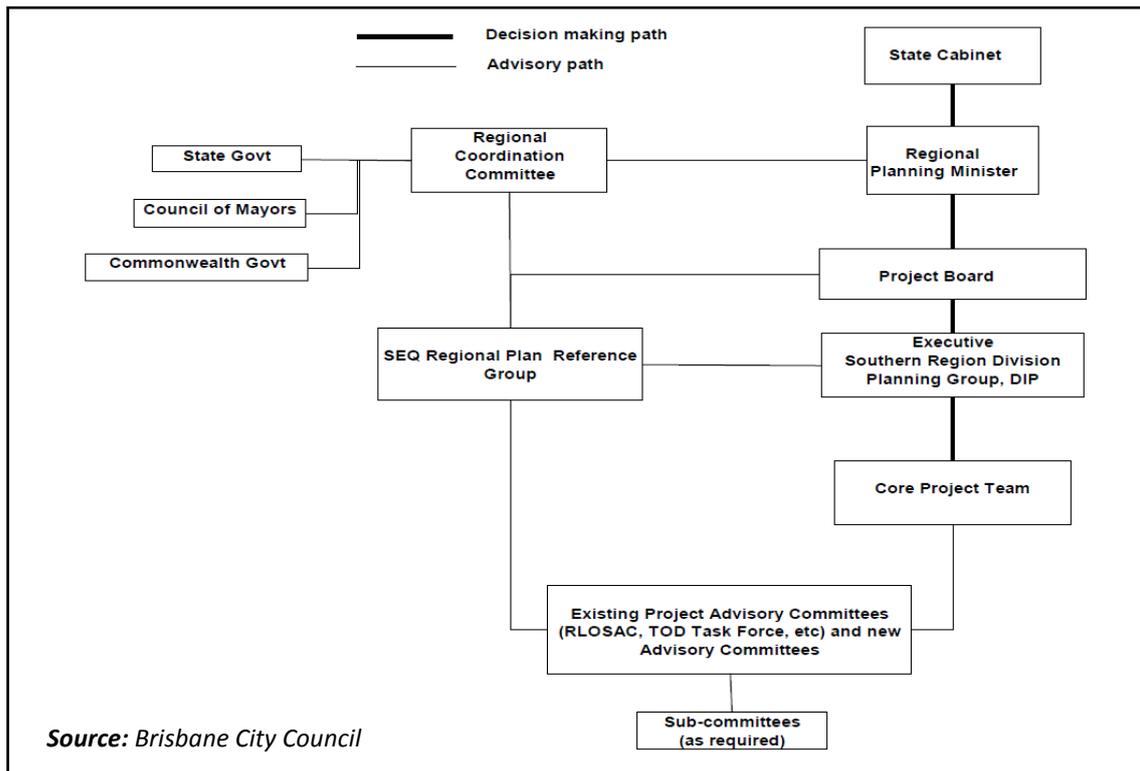
Local Governments cooperate through the Council of Mayors (COMSEQ) and through numerous other regional and sub-regional arrangements and projects. State agencies cooperate through Cabinet and other ministerial arrangements and through numerous regional, sub-regional and sectoral inter-departmental committees.

Community, business and environmental groups are not directly represented on the SEQ RPC. However they are active in regional planning consultation processes and are represented on various sub-committees that report to the RPC, State agencies and local governments.

The governance arrangements for SEQ regional planning are shown in Figure 3 below.

In March 2008, the State government reduced the number of local governments within Queensland from 156 to 72, aimed at providing economies of scale and efficiencies in government through amalgamation of services, as well as increasing local government's capacity. The amalgamations created much larger and stronger Local Governments in SEQ (some of the largest in Australia) and addressed the tensions between efficiency and equity on one hand and autonomy, accountability and accessibility on the other. Figure 4 shows how these changes in local government boundaries affected the South East Queensland region.





Source: Brisbane City Council

Figure 3: Governance Arrangements for SEQ Regional Planning



Figure 4: Local Government Areas Pre- and Post-Restructuring



## FEDERAL GOVERNMENT INVOLVEMENT

The federal government has recently become re-engaged with the planning process. At this stage, the federal government's role has been to examine the metropolitan planning processes in each State and Territory, and draft a National Urban Policy. It is anticipated that the National Urban Policy will be finalised soon.

Also the federal government has established a Major Cities Unit, within the Department of Infrastructure, Transport, Regional Development and Local Government. This unit is undertaking the development of the National Urban Policy, as well as contributing towards other initiatives, as part of the federal government's increased engagement.

A number of federal policies have major impacts on cities, including:

- fiscal policy
- immigration policy
- infrastructure policies (in particular those associated with airports)
- tertiary education policy
- health care policy.

## QUEENSLAND PLANNING SYSTEM

The Queensland planning system is organised into a hierarchy of 'levels' to deal with cities:

- At the State level, the Queensland Government has developed the *Sustainable Planning Act 2009*, which establishes the planning framework and governance for planning processes. Also at whole-of-State level, the Queensland Government uses the planning system to address specific issues by articulating its position on those issues in detail in State Planning Instruments.
- At the regional level the Queensland Government creates planning documents that outline the strategic direction, known as Regional Plans. Development undertaken within the area covered by a Regional Plan must align with the strategic direction outlined in the regional plan. In this way, the Queensland Government can guide development and shape cities. The *South East Queensland Regional Plan 2009–2031* encompasses the greater Brisbane area and the other major urban centres of Ipswich, the Gold Coast, the Sunshine Coast, Logan and Toowoomba. This regional plan articulates a clear strategic direction for the metropolis of greater Brisbane. (NB: effective planning and economic development strategies for non-metropolitan regions is seen as important in taking some growth pressure off SEQ.)
- At the local government level, relevant councils prepare planning schemes that articulate a strategic direction (focussed on the local government area) as well as describe how and where develop should occur in more detail. The planning schemes are designed to align with the strategic direction of the relevant Regional Plans and the issues addressed in the State Planning Instruments.
- At the neighbourhood level, Masterplans are prepared to describe in even further detail how and where development should occur in an area usually the size of, or slightly smaller than, a suburb. Master-planning does not occur everywhere: only specific sites.



- The Urban Land Development Authority (ULDA) has been established by the Queensland Government to work with local and State government, community, local landholders and the development industry to help deliver commercially viable developments that include diverse, affordable, sustainable housing, using best-practice urban design. The ULDA has been undertaking this role at inner metropolitan sites suitable for higher density redevelopment, but the Queensland Government recently announced an expansion of the ULDA's role to include major 'greenfield' developments in outer suburbs.

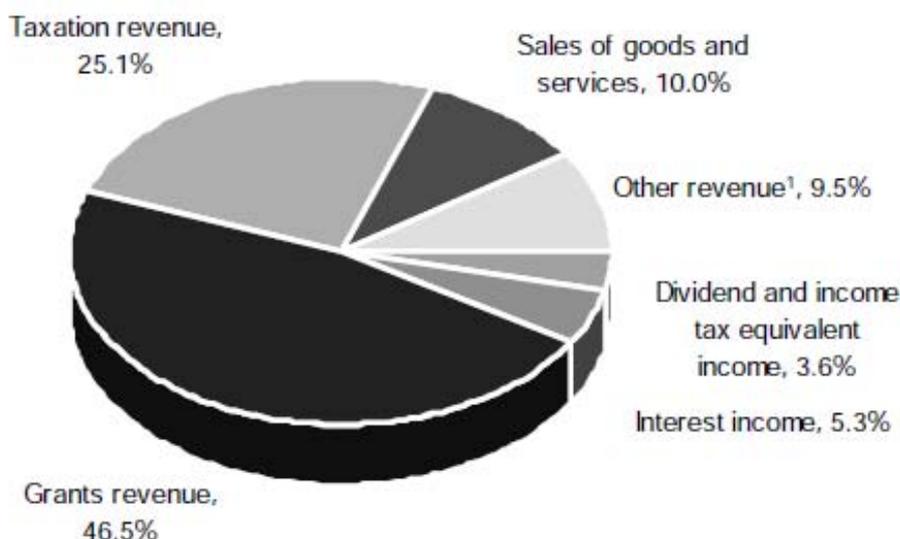
### SOME KEY ISSUES AND CHALLENGES

- Population growth, increased densities and related environmental impacts (climate change, biodiversity protection etc) are generating heavy demands on infrastructure and other government expenditures. There is growing pressure on government to deliver timely infrastructure and services that maintain quality of life in a challenging economic environment. Integration of planning, transport and economic development is crucial.
- State and local governments face significant revenue limitations relative to requirements for expenditure on metropolitan management, especially infrastructure – there are significant backlogs to address plus new infrastructure for growth. There is a long-term infrastructure plan (20 years) to address this, and more than \$16 billion has been invested over the past five years in around 120 major projects across the region.

**Table 2: Estimated SEQ Infrastructure Investment to 2031**

Infrastructure Class	No. of Projects	Estimated Investment to 2031
Transport	158	\$97.7B
Health	19	\$6.8B
Education and training	62	\$3B
Energy	16	\$5.4B
Water	5	\$1.5B
Community services	20	\$3.8B
<i>Completed projects</i>	119	\$16B
<b>Total</b>	<b>399</b>	<b>\$134.2B</b>





<sup>1</sup>Mostly royalties and land rents (8%)

Figure 5: Queensland Government Sources of General Revenue 2010-11

Table 3: Comparative Taxation Effort of Australian States and Territories

	QLD	NSW	VIC	WA	SA	TAS <sup>4</sup>	ACT <sup>5</sup>	NT <sup>4</sup>	Avg <sup>6</sup>
Taxation per capita <sup>1</sup> (\$)	2,225	2,777	2,581	2,842	2,296	1,676	3,166	1,712	2,643
Taxation effort <sup>2</sup> (%)	86.9	106.1	98.7	100.8	115.8	93.1	110.7	91.2	100.0
Taxation % of GSP <sup>3</sup> (%)	3.64	4.44	4.33	3.24	4.48	3.47	3.91	2.36	4.14

Notes:

- 2010-11 data. Sources: QLD, VIC, WA, ACT and NT 2010-11 Budgets, NSW, SA and TAS based on 2009-10 MYR.
- 2008-09 data. Source: Derived from Commonwealth Grants Commission 2010 Review – average for assessed taxes (payroll, transfer duty, land tax, insurance duty and motor taxes). Revenue raising effort ratios, assessed by the Commonwealth Grants Commission, isolate policy impacts from revenue capacity impacts and are an indicator of the extent to which the governments burden their revenue bases. Queensland’s tax revenue raising effort is well below the Australian policy standard (equal to 100%).
- 2008-09 data. Sources: ABS 5220.0 (State Accounts – GSP) and ABS 5506 Taxation Revenue 2008-09..
- Low taxation per capita primarily reflects the lower revenue raising capacity of those jurisdictions.
- Includes municipal rates, which are classified by the ABS as state taxation in the ACT, but are imposed by local governments in other jurisdictions.
- Weighted average of states and territories, excluding Queensland.

Source: Queensland Budget 2010-11

- Queensland is a low-taxing state, and the state government (like others) is heavily dependent on transfers and grants from the federal government, which collects more than 80% of all taxes in Australia. Queensland’s tax effort, as measured by the Commonwealth Grants Commission, was more than 13% below the national average in 2008-09. This gap appears to be widening.



- Responding to these issues, the Queensland Premier determined the government would host a summit to bring together experts in planning, development, infrastructure and sustainability with the community to discuss growth, liveability and sustainability. The community is impatient for action. The Growth Management Summit was held at the State Library in Brisbane on 30-31 March 2010. Its purpose was to re-engage the community and re-invigorate regional planning across Queensland, including the South East Queensland Regional Plan.
- Strengthening of State government arrangements has occurred since the Summit: establishment of Growth Management Queensland as a ‘whole-of-government’ coordination agency within Department of Infrastructure and Planning (DIP), plus the extended role of ULDA. DIP itself brings together planning, infrastructure and local government responsibilities. New planning models need to be considered to address complex problems and multiple agendas.
- Greater federal involvement and funding would provide a more holistic approach to meet the challenges of population growth (and its associated impacts). The Regional Plan provides a vehicle for federal engagement, but there is a need to show that State agencies and local governments have the necessary capacity to deliver if substantial federal funding is provided.

#### 4.2 Brisbane City Perspective: Councillor Amanda Cooper <sup>2</sup>



The City of Brisbane is Australia’s largest local government with a population in excess of 1 million and an annual budget of more than AU\$3 billion. It sees Brisbane as Australia’s ‘new world city’ and plays a leading role in regional development.

Brisbane City Council was created in 1925 through the amalgamation of 20 smaller local governments. It is the only true metropolitan local government in Australia.

SEQ has had consistently strong population growth compared to Australia’s other major metropolitan regions (see Figure 6). The population is expected to grow from 2.8million in 2006 to 4.4 million in 2031.

#### STRENGTHS OF THE SEQ PROCESS

- A shared common vision for SEQ – realistic and pragmatic
- Popular support by the State and all local governments – brought about by the governance framework
- Local governments play a key role in planning processes – hence strong ownership
- Regional Plan sets a framework for local government planning – as a statutory plan it provides necessary rigour
- Backed by a strong SEQ Infrastructure Plan and Program
- Long term policy directions are maintained.



**WHAT COULD WORK BETTER?**

- Better alignment with other major policy reviews
- Changes to processes for implementation at a sub-regional level
- Better alignment and coordination of State policy and advice
- Greater buy in from Commonwealth government.

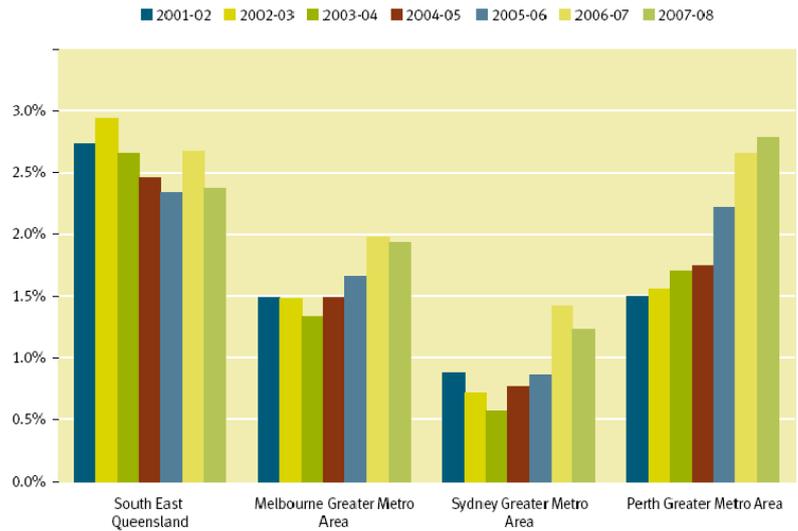


Figure 6: Population Growth rates in Metropolitan Areas

**ROLE OF THE COUNCIL OF MAYORS**

- The Council of Mayors (SEQ) was established in September 2005 – current chair is Lord Mayor of Brisbane
- Independent political advocacy organisation – powerful framework for local government to engage on major regional issues
- Represents the interests of the one in seven Australians who live in the nation's fastest growing region – South East Queensland
- Key priorities include
  - a strong focus on infrastructure
  - improving patronage, service frequency and coverage of public transport
  - improving cycling infrastructure in the region.

**GROWTH PRESSURES ON THE CITY OF BRISBANE**

Brisbane City’s share of SEQ growth is expected to require 156,000 new dwellings – more than any other individual local government area. This will involve major infill and redevelopment in existing urban areas to accommodate about 138,000 additional dwellings (see Figure 7).

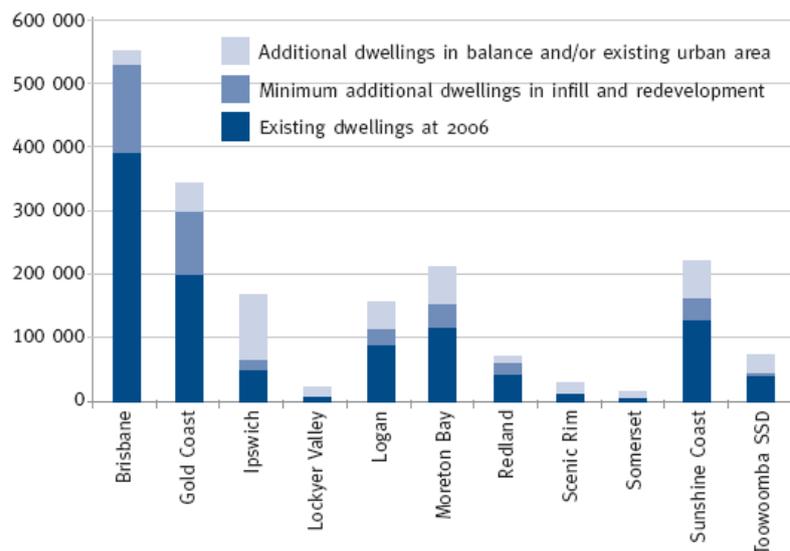


Figure 7: Planned distribution of New Dwellings



Lone person households are expected to double by 2026, and by 2026 couple families without children will be the most common family type. Within 50 years, a quarter of Brisbane's residents will be over 65.

Current employment in the City is 695,000 and this is forecast to grow to 1.09 million in 2031. Each day 180,000 people travel into Brisbane for work, whilst 87,000 Brisbane residents work elsewhere. In contrast to the City's projected 15% share of SEQ's population growth, it expects 44% of the total regional increase in employment.

### CITY PLANNING

Key drivers for planning are seen as:

- transport – need to catch up on previous infrastructure neglect (roads and public transport)
- climate change
- sustainability
- economic growth
- biodiversity
- achieving high quality urban design
- character protection and heritage
- cutting red tape
- housing affordability
- access to services and facilities.

The council plans in the context of a hierarchy of plans as shown in Figure 8. It has also produced a Vision for 2026 focused on the key themes listed above.



**Figure 8:** Brisbane City Council Planning

There is a strong focus on neighbourhood planning, especially for inner city renewal. A total of 32 new neighbourhood plans are on track for completion by January 2012, with 13 existing local plans to be updated by the same date. Local planning is linked to urban improvement projects and best practice development assessment systems.



Effective community engagement is critical: taking regional agendas and translating them into local-level plans and programs that people accept; working with residents to resolve difficult issues.

**CITY PERFORMANCE**

The City Council also places considerable emphasis on Brisbane’s comparative performance in areas such as sustainability and quality of life (see Figure 9).

Criteria	1. Integration (10)	2. Plans (10)	3. Infrastructure (10)	4. Policy (10)	5. Networks (10)	6. Land release (10)	7. Investment (10)	8. Urban Design (10)	9. Implementation (10)	Total Score (%)	Relative Ranking (1-8)
Melbourne	7	8	7	7	7	6	7	7	6	69	1
Brisbane	7	8	7	7	7	4	7	5	6	64	2
Adelaide	7	7	7	8	7	4	5	5	5	61	3
Perth	4	4	2	7	7	6	7	7	6	56	4
Canberra	6	7	6	6	3	4	5	6	6	54	5
Sydney	6	4	3	5	7	5	4	5	3	47	6
Darwin	4	4	4	4	4	3	6	6	5	44	7
Hobart	4	4	4	3	7	1	5	3	3	38	8
Average	6	6	5	6	6	4	6	6	5	54 <sup>4</sup>	

Source: Built Environment Meets Parliament, June 2010

Figure 9: Relative Performance of Capital Cities



# 5 International Perspectives

## 5.1 Auckland (*Peter McKinlay*)



Peter McKinlay spoke on the theme: *Can others learn from Auckland's restructuring?* and discussed some of the key elements of the recent forced amalgamation of local governments to create the new 'super city' of 1.4m people. His full paper is included as Annexure B.

### WHY RESTRUCTURE AGAIN?

(New Zealand previously experienced a comprehensive round of council amalgamations in 1989.)

- Perception that the Auckland economy was significantly underperforming, and this was partly a function of local governance.
- Widespread view that Auckland's councils lacked the ability to take and implement decisions on major regional priorities such as transport.
- Concerns that Auckland councils were not prepared to pursue efficiencies through initiatives such as significant shared services.

### THE NEW ARRANGEMENTS

- 1 unitary council - the Auckland Council – comprising a governing body (mayor and 20 councillors) and 21 local boards.
- Representation ratio (population per councillor) for the council is approximately 65,000:1 and for local boards 10,000:1.
- Decision-making is shared between the governing body and local boards according to the nature of the decision.
- Governing body is responsible for: Auckland-wide planning and decisions; overall financial management; assets (including council-controlled organisations – see below); levying rates; regulation; service delivery; employing CEO who employs all council staff).
- Local boards make decisions on local matters.

### THE MAYOR

- Directly elected; appoints Deputy Mayor and committee chairs; establishes committees.
- Separate mayoral office with own multimillion dollar budget.
- Articulates and promotes a vision for Auckland.
- Leads development of council plans, policies and budgets.
- Establishes processes and mechanisms for the Auckland council to engage with the people of Auckland.

### WHAT'S DISTINCTIVE?

- Virtually all service delivery is through arms-length council controlled organisations (CCOs): transport, water and wastewater, major regional facilities, waterfront



development agency, investment, property, and economic development events and tourism.

- Local boards are unincorporated entities with no power to employ, contract or raise funds: decision-making power is delegated, and budgets are set, by the parent council.

### COUNCIL CONTROLLED ORGANISATIONS

- Loss of democratic control?
- Boards of Directors appointed initially by the national Minister of Local Government (or Transport in the case of the Auckland transport CCO). Auckland Council once formed has immediate power of appointment and replacement (may not appoint councillors to boards except maximum of 2 to transport).
- Unique New Zealand governance arrangements: CCOs must operate under statements of intent (SOIs) which define business activities, performance requirements and reporting; council thus has ultimate control over SOIs.
- Queries: do elected members have greater control or is a lack of governance capability the critical factor? Are CCOs a way of spreading governance across the community?

### LOCAL BOARDS

- Intention to 'strengthen' local democracy.
- Doubts over authority and decision-making powers (no clear statement yet on delegations or budgets).
- Potential for parochialism and negotiation overload – 21 local budgets, local board agreements and local board plans.
- Is London Councils a model for a local board collective?
- Does representation matter? Compare European practice of low representation ratios with (say) Brisbane and Toronto.

### PROGNOSIS

- A major step change in Auckland's governance and standing as an international centre?
- 'Success' will depend on public confidence in new structures, and mayoral ability to manage parochial interests at the council table (cf Toronto and Ottawa).
- High representation ratio is a major risk as is uncertainty over role of local boards.
- Managing the balance between efficiency, and democratic accountability, will be critical for CCOs, and the single most important learning opportunity for other major local authorities
- Scope for new Auckland council to exert considerable influence over aspects of national policy through strategic planning that goes beyond land use and transport to economic, social and environmental agendas (eg through newly created Auckland Social Policy Forum).



## 5.2 Toronto (Dr Enid Slack)



Like Australia, Canada is a federal country: there are differences in metropolitan governance in different provinces. For this roundtable, two cities have been selected: Toronto, Ontario and Vancouver, British Columbia (see section 5.3) because the models are quite different – Toronto has focused on *governments* (through amalgamations), whilst Vancouver has focused more on *governance* (with a history of voluntary cooperation).

### TORONTO AMALGAMATIONS

- 1998 Toronto amalgamation created a single metropolitan city and 6 community councils – later reduced to four (see Figure 10).
- Toronto: 2.5 million people; Greater Toronto Area: 5 million; Greater Golden Horseshoe: 7.5 million
- Impact:
  - Reduced citizen access
  - No reduction in costs
  - Redistribution to poorer municipalities
  - More prominent role on the international stage
  - Resulted in a city that is too big for community governance but still too small for effective metropolitan planning and management.

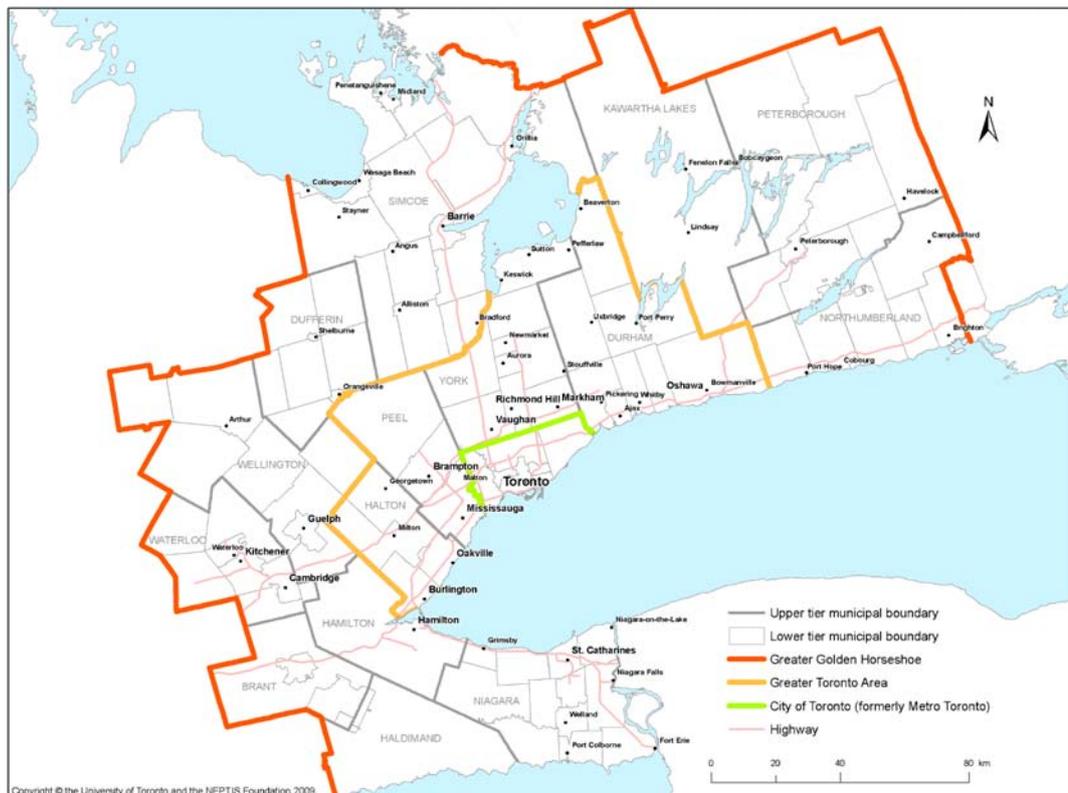


Figure 10: Toronto Region

### CITY OF TORONTO ACT, 2006

- Gives Toronto more powers than other municipalities that are governed by the Municipal Act
- Recognition that Toronto is unique
- Additional revenue raising tools (but not income, sales, fuel, hotel taxes, etc.)
- To take advantage of new powers under Act, council passed by-laws to reform governance
- Reforms designed, at least in part, to increase power of mayor to lead on a city-wide mandate; power thus shifted to mayor
- Mayor is directly elected (4-year term), but still has only one vote on council; election of separate ‘speaker’ to chair council meetings and free up the mayor to participate in debates; mayor chairs and appoints executive committee (sets agenda for council); mayor appoints deputy mayor and standing committee chairs; provides multi-year, city-wide vision and identifies priority issues; mayor speaks for the city nationally and internationally, negotiates with other levels of government
- Decision-making for local issues delegated to four community councils so council could focus on broader issues.

### PROVINCIAL INTERVENTION IN PLANNING

- As noted above, amalgamated Toronto was in various ways ‘too big and too small’
- In 2005 the Ontario parliament passed the Places to Grow Act (growth management plan to coordinate population and job growth) and Greenbelt legislation (to protect more than 1.8 million acres of environmentally sensitive and agricultural land in the heart of the region)
- The Ontario government has also established *Metrolinx*, an appointed body to improve coordination and integration of transportation in the region.

### THE FUTURE?

- Further amalgamations unlikely
- Provincial role in planning may well expand
- Perhaps also stronger powers for the City (especially revenue-raising tools)?



### 5.3 Vancouver (*Jim Rusnak*)



This presentation focused on the governance of Metro Vancouver (see Figure 11). The region covers 2,877 sq km and is home to some 2.25 million people (40% immigrants). Population density is 735 per sq km, compared to 336 per sq km for the Brisbane Statistical Division and only 134 per sq km for SEQ.

#### STRUCTURE AND ROLE

Metro Vancouver is a voluntary partnership of local governments. It comprises 22 municipalities, one electoral area, and one treaty First Nation, and is structured into four entities:

- Greater Vancouver Regional District (the governing body)
- Greater Vancouver Sewerage and Drainage District
- Greater Vancouver Water District
- Metro Vancouver Housing Corporation.

Metro Vancouver has three roles:

1. Core Services – Metro Vancouver’s core services, provided principally to municipalities, are: drinking water, sewerage and drainage, and solid waste management. Significant services provided directly to the public include regional parks and affordable housing.
2. Policy – Metro Vancouver’s main areas of planning and regulatory responsibility are: regional growth, utilities, air quality, and parks. The Board also carries out strategies on other issues best dealt with at a regional level.
3. Political Forum – Metro Vancouver serves as the main political forum for discussion of significant community issues at the regional level. It acts as a facilitator, convener, partner, advocate and a significant conduit for information and education to the community.

New growth strategy is being prepared: raises issues of relationship with provincial policies and planning. Infrastructure funding (eg new sewage treatment plant) is a key issue.

Metro Vancouver has a strong focus on sustainability. This is articulated in the Metro Vancouver Sustainability Framework which provides:

- A vision for the region and the organization
- A management philosophy
- An over-arching organizational framework for all activities based on the triple bottom line – environmental, financial and social.



Extensive community education and engagement has been undertaken around sustainability issues.

Social policy issues are also significant eg homelessness and crime in inner Vancouver led to the Vancouver Agreement between city, provincial and national governments.



*Figure 11: Metro Vancouver Local Governments*

## GOVERNANCE

The governing body is a board of 37 directors appointed by member municipal and First Nation councils (plus a representative for the electoral areas). The basis for appointment is:

- one director per 100,000 residents
- one vote per 20,000 residents
- every member municipality and electoral area to be represented.

The role of the directors is to:

- Set regional objectives and corresponding financial objectives
- Approve the number, scope and objectives of programs, and corresponding budgets
- Monitor organizational objectives, program and financial performance and reporting
- Represent Metro Vancouver to the public and to municipal colleagues.



There is significant delegation of administrative and operational authority to staff. Extensive use is made of standing, ad hoc and advisory committees – the latter are either citizen-based or comprising municipal staff. There is also a ‘Council of Councils’.

Public involvement is through consultation on specific issues, citizen-based advisory committees, community partnerships, and information dissemination.

### **METRO VANCOUVER AS A WORKING PARTNERSHIP**

The role and operations of Metro Vancouver reflect a number of key principles:

- One non-hierarchical system of local government
- Providing regional coordination and leadership, some direct regional services to the community, but mostly services to municipalities
- The Region must add value or leave responsibility at the local level
- The interests of individual partners will prevail over everything except the collective interest of the partners
- Issues should be resolved through consensus and avoid surprises and destructive conflict
- The result should be coherent regional action which:
  - respects and reinforces the diversity, character and integrity of local municipalities
  - protects the natural environment
  - maintains cost effective service delivery to taxpayers.

### **STRENGTHS OF THE PARTNERSHIP**

These are seen as:

- All members benefit from joint borrowing on collective credit
- Keeping costs down and balancing priorities – regional and local; social, economic and environmental
- Sensitivity to local issues
  - municipalities make the decisions
  - local issues handled exclusively by municipalities
  - region respects local autonomy where not in conflict with regional purpose
- Municipally appointed politicians have the skills to contribute to regional decision-making and policy
- Every municipality has a voice at the table
  - empathy for local issues
- Thorough, inclusive approach to decision-making
- United front in dealing with senior government
- An understanding that parochial concerns need to be addressed en route to consensus.

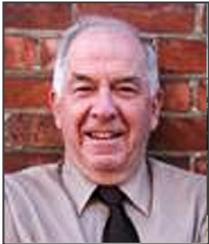
### **SOME CHALLENGES**

- It can be difficult to explain and communicate the regional system
- Accusations of ‘taxation without representation’ – whom do you hold accountable?



- Parochial concerns surface with in terms of the distribution of costs – both funding and taxation
- Municipalities must want the system to work – cooperative system is more vulnerable to internal dissent and necessitates constant attention to local municipal interests
- Consensus can be hard to find and maintain
- Reluctance of municipalities to delegate or share decision-making on new issues at regional level
- Failure on a major issue tends to lead to questioning of the whole system.

#### 5.4 Further Comments on Canada (*Professor Harry Kitchen*)



##### OVERVIEW

Municipalities have no constitutional status – are creatures of the province.

- Provincial standards/legislation/requirements dictate much of a municipality's spending.
- Current federal government largely ignores cities – some conditional grant funding for specific programs and capital projects eg environment and roads.
- Most of Canada has a two-tier local government structure – some advantages but also problems of defining responsibilities, achieving effective coordination.
- Municipalities raise most of their own revenue – property taxes are high by international standards and user charges are growing: how are major infrastructure investments to be financed?
- Issue of engagement with indigenous (First Nation) communities eg in land use planning, infrastructure projects.

##### GREATER TORONTO

- Significant problems of region-wide governance
- Each municipality/city operates independently of the others – no political overlap
- Not much reliance on inter-municipal agreements
- Deteriorating/inadequate infrastructure
- Limited revenue sources, although City of Toronto has 'charter status' and province gave it access to a handful of new taxes eg land transfer tax and motor vehicle registration tax.

##### METRO VANCOUVER

- Political weakness of metro governance – no directly elected councillors on Metro Vancouver (except from Electoral District); "no-one speaks for the region"
- Fragmentation of expenditure responsibilities for key functions – transport, water, sewerage, solid waste – and reluctance to migrate service responsibilities to the metro level
- Translink (regional transportation authority) has been established outside Metro Vancouver's governing structure and responsibilities, but it provides local public services to most of the same geographical area:



- TransLink is responsible for planning, financing and managing public transit and major regional roads and bridges in twenty-one municipalities within Metro Vancouver
- It is overseen by the Mayor's Council on Regional Transportation (made up of 21 mayors who choose their Chair), a Board of Directors (appointed by the Mayor's Council) and the Regional Transportation Commissioner (also appointed by the Mayor's Council)
- TransLink's only legislated connection with Metro Vancouver is through a requirement that it seeks input from the latter on its long range transportation plan and borrowing limit increases.

### 5.5 India (*Professor Om Prakash Mathur*)

- India had 35 defined metropolitan areas in 2001, expected to be around 50 in 2010.
  - Metropolitan area defined as having a population of one million or more comprised in one or more districts, and consisting of two or more municipalities or Panchayats (rural local governments) or other contiguous areas.
- Planning and development of cities and metropolitan areas has historically been a State government function in India's federation. However, the 1992 Constitutional amendment on municipalities brought about important changes.
- State governments must constitute a Metropolitan Planning Committee in each metropolitan area to prepare a draft development plan which shall have regard to
  - the plans prepared by the municipalities and the Panchayats in the metropolitan area
  - matters of common interest between the municipalities and the Panchayats, including coordinated spatial planning, sharing of water and other physical and natural resources, and integrated development of infrastructure
  - the overall objectives and priorities set by the government of India and government of the State for such a metropolitan area
  - the extent and nature of investments likely to be made in the metropolitan area by agencies of the government of India and the government of the State.
- Metropolitan planning committees are to include a federal government representative and increased federal funding has been foreshadowed for infrastructure. Focus also on economic growth. This represents an extraordinarily important shift in the role of the federal government for metropolitan areas – neither fully understood nor adequately acted upon thus far. Limited capacity of under-resourced cities and states to respond to federal agendas and growth pressures.
- As a common rule, multiple agencies hold responsibilities for the management and governance of most metropolitan areas and regions, and the Acts governing such



agencies do not lay down mechanisms for coordinating their activities.

- Attempts have been made to address this issue through the establishment of metropolitan development authorities:
  - for example, Hyderabad Metropolitan Development Authority (HMDA) Act of 2008 provides for the establishment of an authority for the purposes of planning, coordination, supervising, promoting and securing the planned development of the Hyderabad Metropolitan Region and for matters connected therewith or incidental thereto.
- HMDA has three key functions:
  - to undertake preparation of Metropolitan Development and Investment Plan, revision of the said Plan and prioritize the implementation of the said plan
  - to undertake execution of projects and schemes as per the said Plan and/or through action plans for any sector or area of the metropolitan region
  - to co-ordinate the development activities of the Municipal Corporation, municipalities and other local authorities, the Hyderabad Metropolitan Water Supply and Sewerage Board, the Andhra Pradesh Transmission Corporation, the Andhra Pradesh Industrial Infrastructure Corporation, the Andhra Pradesh State Road Transport Corporation and such other bodies as are connected with development activities in the Hyderabad metropolitan region.
- Significant financial provisions:
  - the State shall create a Metropolitan Development Fund with a seed capital of Rs. 2,000 million for the purpose of administering the Act
  - every Municipal Corporation and municipality falling within the HMDA, shall contribute to the Fund.

## 5.6 South Africa (*Professor Nico Steytler*)

### SYSTEM OF GOVERNMENT

- South Africa's constitution recognises local government as a sphere of government:
  - right to govern on its own initiative
  - protected from undue interference by national and provincial government
  - listed powers, but subject to national and provincial regulation
  - revenue sources – property rates and surcharges on service charges and service charges for electricity and water.
- 3 categories of local governments:
  - A: Metropolitan – single tier with all listed powers (6 with 2 more to be declared)
  - B: Local municipality – shared jurisdiction with Districts (231)
  - C: District municipality – shared jurisdiction with Local (46).



- Independent demarcation of categories and boundaries by the national Municipal Demarcation Board.
- Constitutional division of powers:
  - Local government: water reticulation, electricity distribution, roads, waste, municipal planning
  - Provincial (concurrent with National): education, health, social welfare, agriculture, transport, environment; plus limited exclusive powers – provincial planning
  - National: residual powers – including regulation of local government.
- Constitutional contestation:
  - Disputes over scope and control of different ‘levels’ of planning – provincial, municipal, township
  - Assignment of further powers to local government by national government (eg housing) has evoked resistance from provinces.

### SCALE OF METROPOLITAN MUNICIPALITIES

- Current 6 metros range in population from 1.1m to 3.3m (2005); total population is around 15m or one-third of South Africa
- Gauteng Province has 3 contiguous metros (Johannesburg, Tshwane and Ekurhuleni) with around 9m people (85% of the provincial total), producing around 35% of GDP
- City of Cape Town has about 3m people (66% of Western Cape province population), divided into 23 sub-councils to handle local issues.

### SOME KEY ISSUES

- Large consolidated metros were inevitable to deal with apartheid’s spatial geography: need for one city, one tax base and redistribution (especially emphasis on free basic services for the poor) – but at regional level focus is more on economic growth.
- ‘One size fits all’ approach to local government legislation: no specific mention of metros in Constitution.
- No national or provincial departments deal specifically with cities or urbanisation: national Department of Cooperative Governance and Traditional Affairs plays a limited role in respect of cities; National Treasury plays an important monitoring and funding role.
- Size of metros has placed them beyond the reach of provincial support or supervision; their own-source revenue far exceeds that of provinces; support if required must come direct from National Treasury.
- Sector departments, such as human settlements, water affairs, transport, have direct relationships with metros.
- Lack of policy harmonisation between national departments, and urbanisation policy never fully articulated, politically contested – although efforts being made.
- Limited inter-government mechanisms:



- nationally the Cities Network – partnership of 9 largest municipalities – is recognised by the Department of Cooperative Governance but is not an official inter-government negotiating body
- ‘Gauteng Global City Region’ was a provincial attempt to coordinate the 3 metros, but no concrete steps were taken and the province lacks capacity to coordinate (initiative relied strongly on personal drive of former premier, but lacked local government buy-in and faltered when premier changed)
- Premier’s Forums in both Gauteng and Cape Town to bring together premiers, metro and district mayors.
- Inter-municipal cooperation in Gauteng also limited – tends to be crisis or needs driven: roads, transport fire fighting, corridor economic development, solid waste dumping.
- Methods of internal governance and citizen engagement have become a key question given very large populations in single authorities:
  - Powerful mayors and mayoral committees (cabinets) with executive powers delegated from councils
  - Numerous councillors (210 in Cape Town)
  - Internal administrative districts
  - Internal political structures – 23 sub-councils in Cape Town (too many, politicised).
- Political tensions: ANC has marginalised metro mayors; mayor of Cape Town was leader of national opposition.

## 5.7 Switzerland (*Professor Daniel Kübler*)



### **METROPOLITAN FRAGMENTATION**

Metropolitan areas around the world are often characterised by high levels of institutional fragmentation (ie many units of local government). Figure 12 provides comparative data for 12 countries.

Australia’s major metropolitan areas have widely differing levels of fragmentation. Based on 2001 data for capital city statistical divisions, the number of municipalities per 100,000 population ranges from 0.45 in Brisbane, to around 1.0 in both Sydney and Melbourne, to well over 2.0 in Perth. The figure for SEQ is now much lower following the 2008 amalgamations. Only SEQ, with the large population of Brisbane City, has a low fragmentation index (number of local governments per 100,000 people divided by the proportion of the total metropolitan population living in the core city).

### **GOVERNANCE ISSUES IN SWITZERLAND**

Local government is single tier, highly fragmented, with individual authorities undertaking wide range of functions and enjoying considerable autonomy (eg setting income and property tax rates) – there are some inter-municipal agreements to redistribute between rich and poor areas, but limited in scope.

- Approaches to reform of metropolitan governance:
  - amalgamations (mainly 1930s and earlier)
  - recent two-tier local governments (Bern, Fribourg)

- compensating central cities for additional service costs
  - rationalising functions
  - efforts to enhance intergovernmental cooperation, both vertical and horizontal.
- Increased federal government involvement (agglomeration policy of 2000):
    - cities and agglomerations mentioned in the federal constitution since 1999 (together with mountain areas)
    - improvement of intergovernmental coordination
    - significant funding for transport infrastructure projects, subject to joint city-suburbs-canton joint plans – relationships often tense.

Country	Portion of the Core City – to the Agglomeration Population (Average of all Agglomerations)	Number of Municipalities for 100'000 Inhabitants (Average of all Agglomerations)	Fragmentation Index according to Zeigler and Brunn (1980)
Sweden	58%	2	0.03
Canada	66%	1	0.04
The Netherlands	50%	2	0.05
Spain	64%	3	0.05
Poland	59%	3	0.06
Norway	54%	4	0.08
Hungary	75%	3	0.17
Czech Republic	70%	21	0.3
Germany	31%	18	0.63
USA	34%	15	0.71
Switzerland	30%	21	0.73
France	36%	32	1.06

*Source: Hoffman-Martinot und Sellers (2005)*

**Figure 12:** Institutional Fragmentation of Urban Areas over 200,000 Population

- Action by cantonal (provincial) governments:
  - reforms of systems of inter-municipal finance
  - some cantons: territorial development strategies
  - some cantons: attempts at institutional consolidation.
- Improved cooperation:
  - thanks to federal funding, new cooperation between cities, suburbs and their cantons
  - interests/perspectives/problems of cities taken into account at federal level, especially in sectoral policies
  - move away from hierarchical federalism, towards multi-level governance.



- However, new conflicts are emerging as 'losers strike back':
  - mountain areas – needed to be bought off with new regional policy and funding for relatively low priority projects
  - cantons – manoeuvres to keep their grip on cities.
- Skilled leadership emerges as crucial elements as hierarchies flatten – intellectual leadership, setting visions, facilitating collaborative behaviour.

### 5.8 USA (*Professor David Imbroscio*)

- Cities are not recognised in the US Constitution and have been largely neglected by federal and state governments, although there are many legislative mandates for action.
- Cities generate bulk of own revenues through property taxes, sales taxes, user fees and in some cases income taxes:
  - Federal aid is less than 5% of large cities' budgets
  - State aid is about 20%.
- Highly fragmented local governance: around 90,000 local authorities (about 3,000 counties; 20,000 municipalities; 16,000 townships/towns; 50,000 school/special districts).
- For example Portland metropolitan area has 3 counties including 25 cities for 1.4m people; Louisville has a central city with 550,000 people, but remaining 150,000 split between more than 90 other local governments.
- Various attempts at consolidation:
  - Portland has Metropolitan Service District ('Metro') for area-wide planning, transportation planning, sewage treatment, solid waste disposal, public transit, zoo, drainage and flood control
  - Louisville consolidated the central city and adjoining county into a 26 member city council with directly elected strong mayor.
- National Academy of Sciences set up a national commission to review evidence concerning the efficient and effective organization of metropolitan governance in the United States – some key findings:
  - small local governments (and thus metropolitan areas characterized by fragmentation) are more efficient for labor-intensive services, whereas larger units are more efficient for capital-intensive services
  - consolidation has not reduced costs and may have increased local expenditures
  - consolidation has had no significant impact on redistributing income or on addressing the problems of the poor or racial minorities.



## CONCLUSIONS

- Governance model in US is reasonably effective in providing basic public services, but performing poorly for large cities in that it is not addressing significant urban problems – notably concentrations of poverty, politics of rich and poor, power of development sector.
- Metropolitan or regional government is unlikely to be established – no political support and seemingly little evidence that it would have great impact on the severe problems facing cities in US.



# 6 Summary of Discussion

Discussion at the roundtable was wide-ranging but tended to focus around several major and inter-linked themes. These were:

## SEQ MODEL

The 'SEQ model' of metropolitan planning and governance is a work in progress.<sup>1</sup> It has evolved over 20 years since work began in 1990 on the first non-statutory, collaborative regional plan – *SEQ 2001*. Its main elements can be summarised as follows:

- A partnership approach between State and local government, albeit with the State holding absolute legislative authority and an understanding that the State will lead the regional agenda, expressed in the joint Regional Planning Committee that includes both ministers and mayors and advises the minister for planning.
- A small number of (by Australian standards) large and well resourced metropolitan local governments, each with a popularly elected mayor, and led by a very large core city with a 'semi-executive' mayor.
- Regional leadership of local government through a Council of Mayors (COMSEQ) chaired by the Lord Mayor of Brisbane, and focused strongly on political relationships with the State and increasingly federal government.
- Efforts to enhance coordination of State government agencies through a new agency with a special focus on metropolitan issues, Growth Management Queensland (GMQ), established within a Department of Infrastructure and Planning (DIP) that also has responsibility for local government with a State-wide role.
- An Urban Land Development Authority to undertake or promote projects on key sites – sometimes by-passing local government.
- A statutory *South East Queensland Regional Plan 2009 – 2031* that reflects the current set of regional policies and actions agreed between State and local Governments.
- A 20-year *SEQ Infrastructure Plan and Program 2010 – 2011*, prepared by the State, that complements the SEQ Regional Plan and is produced annually as part of the budget process, plus regional sectoral strategies on transport, water supply, natural resource management, etc.

There was considerable discussion about the strengths and weaknesses of this model.

- Local government appears to have been strengthened by the 2008 amalgamations, with most of the developing metropolitan area now managed by just 7 councils. Questions were raised concerning:
  - the evolving role of the popularly elected mayors – will they acquire more power and become the principal point of contact with State government?
  - whether the councils both individually and collectively will become more focused on strategic issues of regional significance, whether the attention of councillors can be diverted from operational issues ('potholes') – it may be difficult to wear both hats at once

<sup>1</sup> After the roundtable, some additional background material and comment on the SEQ model was provided by one of the participants, Dr John Abbott, and these notes also reflect parts of that contribution.

- whether, as they grow in size, more of the councils will see themselves as having the capacity to play a significant role in providing major infrastructure (as has Brisbane for many years and now also Gold Coast) – perhaps in some instances by pooling their resources
  - why there were no changes to the boundaries of Brisbane City at the time of the 2008 amalgamations, given some evident scope for rationalisation
  - the danger of a ‘democratic deficit’ at the suburb/neighbourhood level when each councillor is representing tens of thousands of residents (NB City of Brisbane has full-time councillors with one per ward and staff back-up, plus a strong neighbourhood planning program – is that approach replicable?)
  - can local government provide the high quality civic leadership and community engagement required – promising signs in Brisbane and Gold Coast especially – and will the State government respect local government’s primacy in this area?
- As in other Australian metropolitan areas, the SEQ model reflects the dominance of state governments (albeit in modified form) and their potential to provide coordinated governance of metropolitan regions. Because their remit covers not only entire metropolitan regions<sup>2</sup> but also their hinterlands, the states can operate effectively without boundary constraints in terms of planning and service delivery – provided they organise themselves appropriately. Are Queensland’s arrangements for inter-agency coordination (especially integrating transport and land use planning, and getting the right balance between investment in roads and public transport) sufficiently robust? And will sufficient focus be maintained on SEQ in the face of competing demands from other regions and associated political pressures?
  - Is enough attention being given to social issues and infrastructure? There is what can be described as a ‘ring of poverty’ around the fringes of the City of Brisbane – reflecting a belt of lower priced housing in areas that are neither highly accessible nor (in relative terms) environmentally attractive. Should there be a regional social forum as in Auckland? Are issues of employment, transport and affordable housing being linked effectively?
  - Can the balance between cooperation and goodwill on the one hand, and use of the state’s legislative power on the other, be maintained? There may be a tension or paradox at the heart of the SEQ arrangements – namely that there has been a move to stronger state leadership and control at the same time as local government has been restructured into much larger and potentially more powerful units.

### ROLE OF FEDERAL GOVERNMENTS

The emerging role of the Australian federal government attracted considerable interest. The roundtable was advised of the establishment by COAG (Council of Australian Governments) Reform Council of an Expert Advisory Group which will assist the Council to:

- review capital city strategic planning systems against agreed national criteria
- support continuous national improvement in capital city strategic planning

<sup>2</sup> In the case of SEQ this observation must be qualified by noting that development is now spilling over the border with New South Wales into Tweed Shire, and that there is close economic and social interaction with a large area of northern NSW.

- build and share knowledge of best practice planning approaches.

The Advisory Group's chair is Professor Brian Howe, Professorial Associate at the University of Melbourne and a former Deputy Prime Minister. His deputy is a former Lord Mayor of Sydney, Ms Lucy Turnbull, and another member is Ms Jude Munro, former chief executive officer of Brisbane City Council.

The COAG Reform Council is to review capital city strategic planning systems against criteria adopted by COAG in December 2009 (which were discussed briefly at the first roundtable on metropolitan governance held in Sydney that month). These are attached as Annexure C. It appears that at this stage none of the states' systems or metropolitan plans complies fully with the criteria, which are demanding. The federal government's intention is that future funding of major infrastructure in cities will be linked to compliance and appropriate plans.

It was noted that the issues of governance and institutional frameworks to support a collaborative approach need more attention, and that SEQ may offer valuable lessons in that regard.

International participants noted wide variations in the nature and extent of federal government involvement in different countries. There seems to be a widespread understanding that cities are of vital importance in both economic and political terms, and an acceptance that in many countries only national governments have the fiscal capacity to fund essential investment in major infrastructure. However, precisely how and why federal governments should engage in cities and provide support is an open question.

Australia is working through the COAG system and preparing a national urban policy, but still has some way to go before a clear set of arrangements is finalised. In Canada, the current federal government appears disinterested in cities. In both Switzerland and India, there has been substantial funding of infrastructure linked to requirements for planning – but in India much of the motivation was to empower local government relative to the states as part of an agenda for economic development and poverty alleviation.

### **INTER-GOVERNMENT RELATIONS**

The SEQ experience and several of the international perspectives – notably Switzerland and South Africa – highlighted the importance of effective inter-government relations, both vertical and horizontal. In SEQ these appear to be managed quite effectively, on the basis of an understanding that the state will set broad strategic directions with local government filling in much of the detail – although recent direct state involvement at the local level through the Urban Land Development Authority is a significant and somewhat controversial step. The point was also made that inter-government negotiations can tend to 'homogenise' approaches to addressing issues, when in fact solutions to problems should be diverse and localised.

Horizontal relations between local governments are being handled quite effectively through the Council of Mayors, although (as in the case of Metro Vancouver) this depends on mutual respect of local differences and mandates. Similarly, horizontal relations within the state government – between different agencies and their ministers – present major challenges for



effective and lasting coordination of efforts. An evident gap is consistent federal government involvement, especially at the political level.

In several of the countries represented, inter-government relations are highly complex due to fragmentation of metropolitan areas into numerous local government units and/or overlapping responsibilities of different levels of government without the higher level having undisputed ultimate authority. This complexity appears to be accentuated when local government derives autonomy and functions from national constitutions. Constitutional requirements for local referenda in respect of local government boundaries and taxation are another significant complicating factor. Such complexities are largely absent in SEQ, except that the federal government's authority over the state in matters relating to metropolitan governance and planning is largely restricted to situations in which it can exercise its financial dominance or limited environmental protection powers.

Switzerland offered an interesting case study of extreme complexity in inter-government relations and attempts to develop a new model of multi-level governance. In the case of South Africa, recent court judgements have highlighted the need to clarify the respective urban planning powers of local and provincial governments (both granted under the constitution) – although it is unrealistic to expect a sharply defined demarcation between the two. Another interesting question raised in South Africa concerns inconsistencies between planning policies of adjoining local governments: does the existence of potentially damaging differences in policy make them a provincial issue (as they clearly are in Australia), or should they be left for negotiation between the local governments themselves (given their constitutional 'independence')?

This aspect of the roundtable discussion could be seen to raise a fundamental question: to what extent is *autonomous* local – and perhaps also provincial/state – government consistent with effective metropolitan planning and governance in the modern era, given the evident need for national government engagement and resourcing? As noted above in the case of SEQ, where is the balance to be struck between approaches based on localism, collaboration and goodwill, as opposed to central legislative authority?

### **IMPROVING LOCAL GOVERNANCE**

Issues around improving and strengthening local governance generated a lot of discussion. These issues were raised in a number of country presentations, notably SEQ itself, New Zealand, Canada and South Africa.

First, there was a view that local government tends to concentrate primarily on service delivery at the expense of governance – strategic directions, community engagement and leadership, inter-government relations etc.

Second, discussion focused on the question of local democracy. Fragmented systems of local government are often justified on the basis of enhanced citizen access to decision-making and greater responsiveness to local community needs in smaller units. Is this real and, if so, can very large units (such as Toronto, Brisbane, Auckland and the South African metros) achieve similar levels of access and responsiveness through community engagement strategies, sub-



councils of various sorts, full-time councillors with substantial ward offices and the like? What is the impact of party politics in this regard?

Third, how will the role and status of mayors develop, especially directly-elected mayors with some measure of executive authority? Effective political leadership is essential for successful metropolitan governance, and mayors – especially big city mayors – have a key role to play. Citizens look to mayors for civic leadership and to make things happen – this is increasingly evident in SEQ and elsewhere.

Fourth, how can local and regional governance be linked effectively, and who speaks for the region? The Vancouver experience suggests that maintaining a concerted regional effort on a voluntary basis is very difficult when the political constituency and accountability is primarily local. This was also seen as a challenge for the SEQ Council of Mayors. On the other hand, the potential political influence of a group of strong mayors working together could justify and sustain regional cooperation.

### **ADDRESSING THE GROWTH AGENDA**

It was noted that the growth agenda for SEQ appears largely unchallenged – reflected in part in the desire to move to ‘global city’ status – and that the business-backed ‘growth machine’ is similarly dominant elsewhere. One of the manifestations of this ethic is a focus on planning, financing and delivering major infrastructure projects, perhaps at the expense of more broadly-based metropolitan planning and a truly triple bottom line approach: project planning is not the same as strategic planning. This may be a significant issue for the COAG Reform Council review of metropolitan planning systems.



## 7 Postscript

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The Brisbane Roundtable took place on the day before Australia's 2010 federal election. That election produced a minority Labor government, supported in the House of Representatives by three independents (two from non-metropolitan New South Wales and one from Hobart, Tasmania) and a Greens MP (from inner Melbourne).

One consequence of this outcome was a much stronger policy focus on 'regional' (ie non-metropolitan) Australia. Responsibility for regional development and local government was separated from the former Department of Transport, Infrastructure, Regional Development and Local Government, and hence from Infrastructure Australia and the Major Cities Unit.

In December 2010 the new Department of Infrastructure and Transport released a discussion paper on a national urban policy (*A national strategy for the future of Australian cities*). This sets out two principal reasons for a national policy:

- the economic importance of cities
- the need to address urban challenges that require a national response in order to secure Australia's long term productivity, sustainability and liveability.

The national urban policy will relate to the 18 major cities with populations greater than 100,000. These include all the State and Territory capitals plus 10 regional centres (which include Gold Coast-Tweed, Toowoomba and Sunshine Coast as separately defined entities within South East Queensland).

The discussion paper strongly advocates a collaborative approach between levels of government to planning and governance. It endorses the COAG criteria for capital city strategic planning as a useful starting point, and suggests they be applied to all major cities. It also proposes 'national and community discussion' on the merits of restructuring local government into 'larger entities that can plan, finance and coordinate over larger population areas', whilst acknowledging the need for adequate local representation and decision-making.



## Annexure A: Roundtable Participants

Cr Bob Abbot	<i>Mayor, Sunshine Coast Regional Council</i>
Dr John Abbott	<i>Project Manager, Growth Management Queensland</i>
Ms Sarah Artist	<i>Program Manager, UTS Centre for Local Government</i>
Prof Paul Burton	<i>Griffith University</i>
Mr Rupak Chattopadhyay	<i>Vice-President, Forum of Federations</i>
Mr John Cherry	<i>Executive Director Council of Mayors (SEQ)</i>
Cr Amanda Cooper	<i>Brisbane City Council</i>
Mr Jeremy Dawkins	<i>Associate, UTS Centre for Local Government</i>
Ms Gabrielle Denning-Cotter	<i>Adviser, Cities Strategic Planning</i>
Mr Dale Dickson	<i>CEO, Gold Coast City Council</i>
Mr Kerry Doss	<i>Manager, City Planning, Brisbane City Council</i>
Mr Ian Flint	<i>CEO, Lockyer Valley Regional Council</i>
Mr Mike Hyde	<i>Acting CEO, Redland City Council</i>
Mr Stephen Johnston	<i>Executive Director, Local Government Services</i>
Prof Harry Kitchen	<i>Trent University, Canada</i>
Prof David Imbroscio	<i>University of Louisville, USA</i>
Mr Anthony Jones	<i>Regional Coordinator, Council of Mayors (SEQ)</i>
Prof Daniel Kübler	<i>University of Applied Sciences, Northwestern Switzerland</i>
Ms Jill Lang	<i>Director, Queensland Council of Social Service</i>
Prof Om Prakash Mathur	<i>National Institute of Public Finance and Policy, India</i>
Mr Peter McKinlay	<i>Director, Local Government Centre, AUT University, NZ</i>
Mr Marcus Mulholland	<i>Planner, Brisbane City Council</i>
Mr Jim Rusnak	<i>Chief Financial Officer, Metro Vancouver</i>
Prof Graham Sansom	<i>Director, ACELG</i>



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Dr Enid Slack	<i>University of Toronto, Canada</i>
Mr Greg Spall	<i>Principal Strategic Adviser, Brisbane City Council</i>
Prof Nico Steytler	<i>University of the Western Cape, South Africa</i>
Ms Cheryl Thomas	<i>Executive Director, Council of Capital City Lord Mayors</i>
Ms Lucy Turnbull	<i>Deputy Chair, COAG Reform Council Experts Group</i>
Mr Gary White	<i>Government Planner, Growth Management Queensland</i>
Ms Elizabeth Wilde	<i>General Manager, Regional and Local Government Policy, Department of Infrastructure, Transport, Regional Development and Local Government</i>
Prof Ken Wiltshire, AO	<i>University of Queensland</i>
Mr Carl Wulff	<i>CEO, Ipswich City Council</i>

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## Annexure B: Can Others Learn from Auckland's Restructuring?

*Peter McKinlay, Local Government Centre, Auckland University of Technology*

### INTRODUCTION

This paper complements the presentation to the Forum of Federations Roundtable on Metropolitan Governance which took place in Brisbane in August 2010. It provides a brief overview of the restructuring of local governance in metropolitan Auckland and highlights the distinctive elements of the new arrangements which may be of interest to academics and practitioners in the field of metropolitan governance.

### WHY RESTRUCTURE AGAIN?

Local governance in the Auckland region underwent a major restructuring in 1989 when 30 territorial local authorities (boroughs, cities), a number of ad hoc entities and one regional authority were replaced by four city councils, three district councils and one regional council. Further restructuring took place in 1992 when the powers and functions of the regional council were diminished (its major assets and liabilities, primarily bulk water and wastewater and the ports of Auckland, were transferred to a special purpose body created for the purpose, and legislation effectively excluded the regional council from a role in economic and community development).

Further restructuring was triggered by concern at the relatively poor performance of the Auckland regional economy relative to its peers, especially in Australia, and the widespread perception that existing local government entities were unable to take and implement major region-wide decisions, especially in infrastructure.

In 2007 the then Labour led government established the Royal Commission on Auckland Governance with a brief to report on the local government arrangements required in the Auckland region over the foreseeable future "in order to maximise, in a cost-effective manner: (a) the current and future well-being of the region and its communities; and (b) the region's contribution to wider national objectives and outcomes."

### THE NEW ARRANGEMENTS

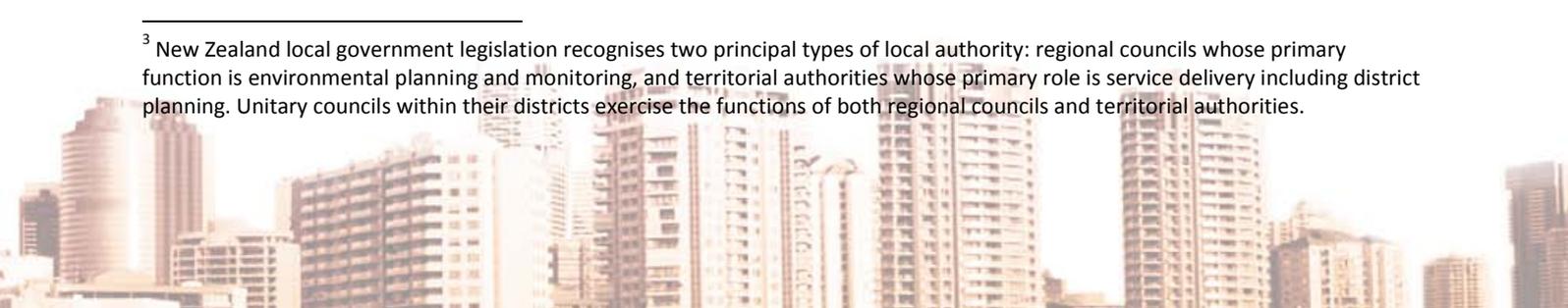
The Royal Commission report recommended a single unitary council<sup>3</sup> for the Auckland region with the sole power to employ staff, levy rates and deliver services. The existing territorial authorities were to remain in place as a form of subsidiary entity exercising such decision-making powers as the Auckland Council delegated to them (with an expectation that generally they would exercise decision-making powers on matters which were local rather than regional).

The government response was to support the establishment of a single unitary council with the sole power to employ staff, levy rates and deliver services, but to depart from a number of the Royal Commission's other recommendations.

The new arrangements for Auckland are:

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<sup>3</sup> New Zealand local government legislation recognises two principal types of local authority: regional councils whose primary function is environmental planning and monitoring, and territorial authorities whose primary role is service delivery including district planning. Unitary councils within their districts exercise the functions of both regional councils and territorial authorities.



- A single unitary council made up of a governing body (a Mayor elected at large plus 20 councillors elected from 7 two-member and 6 single member wards).
- 21 local boards comprising between five and nine elected members and with each board fully within the boundary of a single ward.
- All decision-making vested in the parent body except to the extent that it delegates decisions to local boards. There is an expectation that generally decisions on matters which are local rather than regional in their impact will be delegated.
- All staff employed by the parent body (technically, under New Zealand legislation, a council has only one direct employee, its chief executive officer, who in turn employs all other staff) including the staff whose role is to advise local boards.
- Seven council controlled organisations<sup>4</sup> (CCOs) will be responsible for the great majority of service delivery – transport planning, regional and local roads and public transport (Transport Auckland); bulk and retail water and wastewater (Watercare Ltd); regional facilities (museums, art galleries, stadia etc); property investment (including 22% of Auckland International Airport Ltd and 100% of Ports of Auckland Ltd); economic development; events and tourism; and the Auckland waterfront development agency.

One consequence of the new arrangements is that representation ratios (that is the ratio of residents to elected members) across Auckland will increase significantly. Representation ratios range between approximately 8000:1 and 21,000:1 for elected members on the existing territorial local authorities. For the new Auckland Council the representation ratio will be approximately 65,000:1. Even for the local boards, which are intended to preserve and promote local democracy, the representation ratio will average 10,000:1. There is a significant risk that the new Auckland Council will be seen as more remote and less democratically accountable/accessible than the current councils.

### THE MAYOR

The Royal Commission did not favour the idea of an executive mayor, taking the view that the mayor should be required to gain council support for any proposals he or she wished to advance. The government did not formally reject that view but the totality of the powers which it has legislated for the Mayor create the prospect of strong mayoral led cabinet government. The Mayor's role and powers include to:

- Appoint the deputy mayor and the chairs of council committees and crucially to "establish committees", a power which will enable the mayor to determine how many committees the council should have, in what subject areas, and with what terms of reference.

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<sup>4</sup> CCOs are companies, trusts or other forms of separate entity which are controlled by one or more councils - control being the right to appoint 50% or more of the board or exercise 50% or more of the vote at any general meeting of members.

- Lead the development of council plans, policies and budgets for consideration by the governing body.
- Articulate and promote a vision for Auckland and provide leadership for the purpose of achieving objectives that will contribute to that vision.
- Establish processes and mechanisms for the Auckland Council to engage with the people of Auckland.

In another new departure for New Zealand, the Mayor also has the power to establish a separate mayoral office within a budget of not less than 0.2% of the council's total budgeted operating expenditure for the year.

The mix of powers, and dedicated resourcing, provide the very real opportunity for the emergence of a strong mayor but that is not guaranteed. It will depend crucially on the vision, understanding and political skills of whoever first holds the office.

### **WHAT'S DISTINCTIVE?**

Although the Auckland Council will have a number of unusual features, the two which stand out as distinctive when comparing Auckland's structure with that of other metropolitan centres within Westminster tradition countries, are the decision that virtually all service delivery should take place through a series of CCOs, and the role and powers of local boards – potentially significant local decision-makers but with no resources of their own to command.

Each of these arrangements raises its own distinctive set of issues which will not only need to be well-managed if the Auckland Council is to meet expectations, but should also be of very real interest for other metropolitan governments.

### **THE ISSUES: CCOS**

The widespread initial reaction to the government announcement that the bulk of service delivery was to take place through seven CCOs, with initial directors appointed by the Minister of Local Government and, in the case of Auckland Transport, by that minister in conjunction with the Minister of Transport, was that this was a significant loss of democratic control. It was widely characterised as the minister placing most of Auckland's significant assets under the control of his 'mates', remote from any influence by the council, and with the implication this was a first step towards privatisation.

In part, this reflected the nature of the transition process which the government had put in place. All existing councils are to go out of existence at midnight on 31 October 2010. The new council and the CCOs all come into existence on 1 November. The CCOs, as separate legal entities, need to have their directors and/or trustees in place the moment they come into existence. From a purely practical perspective it was therefore impossible for the new Auckland Council to appoint the initial directors – it would simply not be in existence soon enough.

Public concerns ran deeper than this. For example, Auckland Transport is to have full control over all roading and transport matters including local roads and the associated decisions on



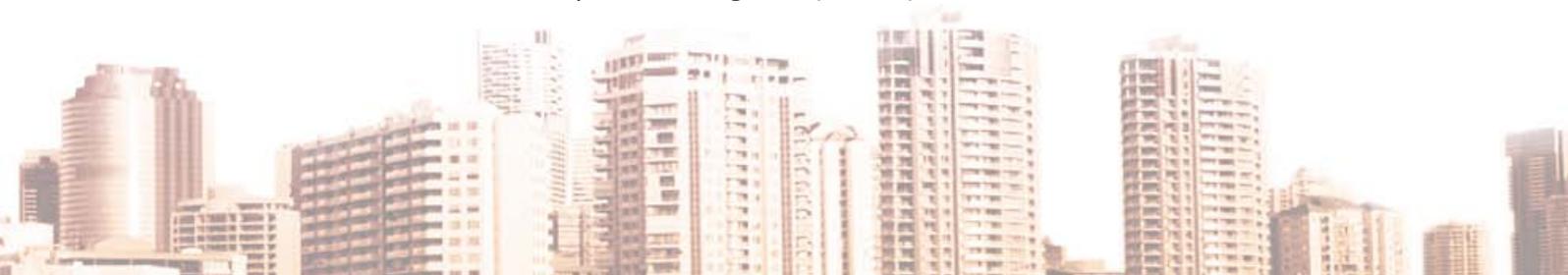
things like street furniture, pedestrian crossings, traffic calming, street trees and much more besides. The New Zealand experience is that this set of issues is one of the most sensitive in local government, and one on which local communities are most likely to demand the right not only to have a say, but to influence the decisions taken.

Government has recognised the need to mollify public concerns over CCOs. First it has made it very clear that not only does the Auckland Council have the right to appoint all subsequent CCO directors but it also has the right, at any time, to remove any or all of the initial CCO directors (in this case, it was simply making clear what was already the right of the Auckland Council, but a right which was clearly not understood either by the public or by at least some existing local government politicians). Next, it legislated to ensure that Auckland Transport had the power to delegate decision-making and this power encompassed local boards. It combined this with strengthening the council's control over Auckland Transport to make it very clear that the council's views on delegation and related matters should prevail.

These concerns, and a number of others which have been raised in public debate, all go to the question of governance – who has the right to set the framework within which the boards of CCOs function, and how are those boards held accountable? Clearly, a significant majority of people in Auckland (or least of those who expressed an opinion) strongly believed that the council's influence would be minimal.

In practice almost the opposite is the case. New Zealand has one of the most sophisticated and well-developed regimes for the governance of council controlled arms-length entities of any local government jurisdiction. It was not so much the product of a farsighted concern by central government to protect local democracy, while at the same time giving councils power to use a range of different legal entities, as the serendipitous consequence of central government reforms which took place in the 1980s. The government of the time embarked on a major programme of corporatising state-owned trading activities – typically as companies known as state-owned enterprises and with their own separate legislation to supplement Companies Act requirements. Naturally, ministers were concerned to ensure that they could retain ultimate control, including control over significant business and other decisions. In order to do this they put in place the following mechanisms:

- A statutory requirement for the preparation, annually, of what is known as a statement of intent, which amongst other things spells out the nature of the business or businesses in which the entity will be engaged, its financial and non-financial performance targets (including financial ratios), its reporting regime, the conditions under which it may establish subsidiaries or acquire interests in other entities, and such other matters as may be agreed between the shareholding ministers and the board. The State Owned Enterprises (SOE) Act requires the board to manage the business in accordance with the statement of intent.
- An annual cycle of reporting and accountability commencing with what is known as the ministers' letter of expectations.
- A specialist monitoring and oversight agency (now) within the Treasury and known as the Crown Ownership Monitoring Unit (COMU).



Reform of local government in the late 1980s was seen as part of the government's wider reform programme. Accordingly it was natural both that government should encourage (and in some cases require) councils to use commercial structures where appropriate. It was also natural that the statutory elements of the SOE provisions were broadly followed in the legislation governing what are now known as council controlled organisations, including the requirement for a statement of intent along lines similar to those for an SOE but including also a provision that a council may, at any time, resolve to amend the statement of intent and the board of directors must adopt any such change.

The result is a regime which gives elected members effective control over their council's CCOs PROVIDED THAT elected members have a sufficient understanding of governance, and of the need for that role to be supported by appropriate expert advice, so that they exercise their governance role appropriately. The proviso is significant. There is strong anecdotal evidence that many councillors do not have a sufficient understanding of governance generally, or of the specifics of the CCO regime, to exercise the influence which the legislation gives them.

From a local democratic perspective, especially with large undertakings, the CCO regime almost certainly gives capable councillors a greater degree of influence than they would have if the same undertaking remained as a business unit of the council. In part this is a function of the significant scope which New Zealand legislation gives to the CEO of a council to manage its undertakings on behalf of the council, and of the relative lack of specific requirements for transparent reporting business unit by business unit.

### THE ISSUES: LOCAL BOARDS

Local boards are, in effect, a second tier of local government for Auckland. Legally they are unincorporated elements within the structure of the Auckland Council itself. Legislation contemplates that the staff and other advisory services they require will be provided by the Auckland Council, with staff accountable to the chief executive of the Auckland Council.

Local boards are intended to take decisions on local matters of a non-regulatory nature<sup>5</sup> (legislation also allows the Auckland Council to delegate regulatory matters to local boards – commonsense would suggest that, for example, local planning decisions should be delegated). The principles governing how non-regulatory decision-making should be allocated as between the Auckland Council and local boards are set out in full because of their significance. They are:

... decision-making responsibility for a non-regulatory activity of the Auckland Council should be exercised by its local boards unless paragraph (b) applies:

(b) decision-making responsibility for a non-regulatory activity of the Auckland Council should be exercised by its governing body [that is the mayor and 20 councillors] if the nature of the activity is such that decision making on an Auckland-wide basis will better promote the well-being of the communities across Auckland because—

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<sup>5</sup> it is also intended they have the power to recommend the making, amendment or revocation of local bylaws - but only the Auckland Council has the legal authority to take the actual decisions.

- (i) the impact of the decision will extend beyond a single local board area; or
- (ii) effective decision making will require alignment or integration with other decisions that are the responsibility of the governing body; or
- (iii) the benefits of a consistent or co-ordinated approach across Auckland will outweigh the benefits of reflecting the diverse needs and preferences of the communities within each local board area.

Delegation of decision-making on local matters is to be accompanied by budgetary provision out of which to fund the activities required to implement those decisions. Again, the statutory provision is quoted in full because of its significance:

- (1) To provide predictability and certainty about levels of funding for local boards, the Auckland Council must adopt a local boards funding policy.
- (2) The local boards funding policy must set—
  - (a) the formula by which the total funds allocated by the Council for meeting the cost of funding local activities are to be allocated to each local board; and
  - (b) the formula by which the total funds allocated by the Council for meeting the cost of funding the administrative support to local boards are to be allocated to each local board.
- (3) The local boards funding policy must also identify any funding (except funding dedicated to particular purposes) that may be available to local boards for local activities and the criteria or process by which it may be allocated to them.
- (4) The formula referred to in subsection (2)(a) must allocate funds between the local boards in a way that provides an equitable capacity for the local boards to enhance the well-being of the communities in each of their local board areas, having regard to the following factors:
  - (a) the level of dependence on local government services and facilities in each local board area (as informed by the socio-economic, population, age profile, and other demographic characteristics of each local board area); and
  - (b) the costs of achieving and maintaining the identified levels of service provision for local activities in each local board area; and
  - (c) the rates revenue and any other revenue derived from each local board area in relation to local activities; and
  - (d) any other factor identified by the Auckland Council as significantly affecting the nature and level of services needed in each local board area (for example, the geographic isolation of a particular local board area).
- (5) The formula referred to in subsection (2)(b) must allocate funds between the local boards in a way that provides equitable resources and support to each local board, having regard to the following factors:
  - (a) the number of elected members on each local board; and
  - (b) the size of each local board area; and



- (c) any other factor identified by the Auckland Council as significantly affecting the operational costs of each local board; and
- (d) the funding amount allocated to each local board under
- (e) subsection (4).

Among the tasks of the body managing the transition to the new Auckland Council, the Auckland Transition Agency (ATA), is determining the initial allocation of non-regulatory decision-making as between the Auckland Council and local boards, and establishing the initial local boards funding policy – again this is being done by a body which has no democratic mandate simply because those policies need to be in place on day one of the new council.

Campaigning is currently underway for election to the Auckland Council and to local boards. The ATA has not yet published any decisions on either delegation of non-regulatory decision-making or on the initial local boards funding policy. As a consequence, there is still a significant degree of confusion about exactly how influential the local boards are likely to be in practice, or the extent to which the funding policy will adequately support implementation of the decisions they will be empowered to make.

There is clearly significant scope for disagreement between one or more local boards and the Auckland Council on the delegation of non-regulatory decision-making, decisions on local bylaws, and on local boards funding – especially the principles by which the provision for local board funding is divided among different local boards. (As will be clear from the legislation quoted above, there is clearly a high degree of scope for different views on what the funding arrangements should deliver.) The government has recognised the potential for disagreement and legislated so that local boards can refer any dispute over the delegation of decision-making, or local bylaws, to the Local Government Commission for determination, and has also set out the process which the Commission must follow in dealing with any such reference. There is no equivalent provision for resolving differences over local boards funding, which presumably will therefore default to the political arena.

New Zealand does not have a tradition of strong party political control within local government either generally or within individual councils. One risk, which will clearly need to be well managed, is that the parochialism which has characterised Auckland's politics at the regional level for many years will simply be translated to the Auckland Council table<sup>6</sup>. The nature of the provisions for local boards potentially exacerbates this risk, especially given the virtual certainty that the amount the Auckland Council allocates for local boards funding will be seen as falling short of requirements, and may be seen by some local boards as unfairly favouring others. Ward councillors may face strong pressure from the local board or boards within their ward to 'bring home the bacon'.

Associated with the potential risks for the structure to result in a number of requests to the Local Government Commission for determinations on decision-making matters (which could quickly overload a relatively under-resourced Commission), and promote parochialism around

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<sup>6</sup> The experience with restructurings such as Toronto and Ottawa emphasises the risk that ward based councils with no built-in discipline to control the tendency of ward members' advocacy for their wards to dominate decision making can become dysfunctional.

the council table, is the position of staff whose role is to advise local boards. Those staff will be employed by and be accountable to the chief executive of the Auckland Council. Local boards will wish to receive, and should receive, 'free and frank advice' most especially on matters where there may be a significant difference of opinion between one or more boards and the Auckland Council. Staff could be placed in a virtually untenable situation if they are required to give 'free and frank advice' to a local board which is in conflict with the Auckland Council, whilst they are employed by, accountable to, and dependent on the Auckland Council chief executive in their employment.

One possible option which has been raised but not yet seriously addressed is the establishment of an Auckland Local Boards Association as an Auckland equivalent of London Councils, the body which represents the collective interests of London's 32 boroughs and the City of London in their dealings with the Mayor of London, the Greater London Authority and Whitehall. Such an entity would be able to play a role in mitigating differences amongst local boards themselves on matters such as funding policy, and between local boards and the Auckland Council. Equally importantly it should also be able to reduce, significantly, the transaction costs which the Auckland Council and especially the Mayor will face if required to deal separately with 21 local boards – the statutory responsibilities on the Mayor in particular in relation to local boards could result in much of his time being diverted from the regional, national and international matters which should be his primary role, to dealing with 21 sets of relative minutiae.

### **PROGNOSIS**

On the optimistic side, the changes offer the potential for Auckland to step up to being an internationally significant metropolitan centre with a much increased contribution to New Zealand's economic, cultural and social well-being.

Whether it realises that potential will be critically dependent on public confidence in the new structures (and there are obvious difficulties, for example, in terms of representation ratios and current perceptions of the democratic accountability of CCOs). It will also depend on the political skills and understanding of the initial Mayor. If he (and it will be a he) understands the potential of the mayoral office and has the skills to create genuine mayoral led cabinet governance, then the potential risk of the Auckland Council becoming bogged down in parochial politics should be manageable.

Building public confidence in the new Auckland Council will depend not only on the skills of the Mayor, but on ensuring that the council exercises its governance over CCOs in a way which clearly demonstrates they are democratically accountable, and that elected members understand their role. If the council is able to do this, then it should set an extremely valuable precedent for other large local authorities.

Finally, a major challenge for the new Auckland Council, and one which will be crucial to establishing its democratic legitimacy, will be how it handles the relationship with local boards. In an ideal world the Auckland Council will understand that its primary role and influence is intended to be regional, national and international, and that local matters are best left to local boards - not just for reasons of local democracy, but to remove the 'clutter' from the council table. Achieving this will require the Auckland Council amongst other things



to find effective ways of enabling local boards to work as a collective on matters which are of shared concern, and to manage the potentially enormous transaction costs of dealing with 21 local boards.

## Annexure C: COAG Criteria for Strategic Planning

### 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 wellbeing,
  - i) housing affordability, and
  - j) matters of national environmental significance;
5. consider and strengthen the networks between capital cities and major regional centres, and other important domestic and international connections;
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 effort 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.



## ABOUT ACELG

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 includes three program partners to provide support in specialist areas and extend the Centre's national reach: the Australian National University, Charles Darwin University and Edith Cowan University.

## PROGRAM DELIVERY

ACELG's activities are grouped into six program areas:

- Research and Policy Foresight
- Innovation and Best Practice
- Governance and Strategic Leadership
- Organisation Capacity Building
- Rural-Remote and Indigenous Local Government
- Workforce Development