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RETHINKING METROPOLITAN GOVERNANCE IN THE QUEST FOR A SUSTAINABLE SYDNEY

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Paper presented to the Joint Conference of NCOSS and Shelter NSW – *Bursting at the Seams, Social Sustainability and Sydney's Future*, November 2004, Parramatta¹.

Introduction

This paper argues that Sydney needs more than a good 'town plan' to succeed with its metropolitan strategy. Urban governance structures also need to be reshaped to support the strategy, based on the key concept of 'subsidiarity'. This calls for decisions on urban policy to be made by authorities that are closest to the people affected, unless higher order community interests are clearly put at risk. Effective governance to back sustainable development of Sydney requires acknowledgement of the different spatial layers of community; the establishment of institutions to properly represent these different layers; and the maximum involvement of local government as co-ordinator and spatial integrator of infrastructure and other urban programs.

Community Disquiet over Consolidation

Some 2 years ago, the Bracks Government in Victoria unveiled its Melbourne 2030 strategy for the metropolitan area to widespread critical acclaim. The Strategy was a big political winner, reinforcing the Government's claims to be visionary and committed to a sustainable future for the State.

While the metropolitan areas across Australia differ significantly in many respects, Melbourne 2030 incorporates several contemporary planning concepts of generic relevance. These are likely to find voice in the Sydney metropolitan strategy, as they already have in the strategies for greater Perth and South East Queensland.

The core concept is to transform the metropolis from a single centre structure, dominated by the CBD, into a 'network of cities'. The suburbs would have major centres of their own featuring all of the activities that we normally associate with 'downtown'. These include the 24 hour street life, the café culture, universities and the student culture, a rich selection of boutique and national brand shopping, striking civic buildings, vibrant concentrations of small and medium sized enterprises selling their services to the world, leading legal, finance, engineering and design firms and the occasional corporate headquarters.

¹ This paper draws on a speech given by Marcus Spiller to a conference convened by the Institute of Public Administration Australia, *Changing the Way Government Works, New Interests – New Arrangements* Tuesday October 5, 2004, Melbourne

Why is the creation of these network cities such a powerful idea in metropolitan planning? The answer includes all the usual transportation arguments. Congestion would be much less with this more even distribution of employment. The match between where people work and where they live would be better. Ordinary people would be able to fulfill more of their recreational, learning, cultural and shopping needs with less travel.

In addition to this transportation logic, and just as important, the network of metropolitan town centres would take the new economy to the suburbs. Returning to my Melbourne example, on current trends, we are in danger of creating a different sort of ‘doughnut city’ to that which was feared in the 1960’s when inner urban decay seemed inevitable in that metropolis. Today, virtually all the quality jobs paying high and reliable incomes are crowding into the urban core. Those with talent, education and prospects are similarly concentrating into the core, leaving a metropolitan periphery of semi-skilled workers with vastly inferior infrastructure. This periphery is at risk of disengagement from today’s engines of prosperity.

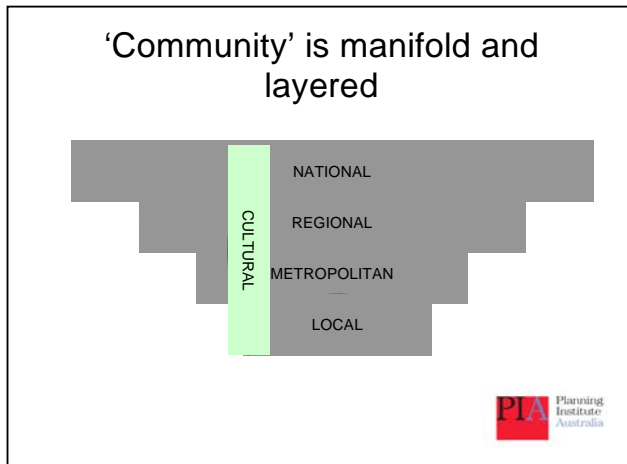
Notwithstanding this compelling logic, Melbourne 2030 is, today, threatening to become a political nightmare for the Bracks Government. People are marching in the streets opposing densification in and around activity centres. Hardly a day goes by that the plan does not attract adverse criticism from the press. This visionary plan has become a political football. And if we’re not vigilant, the same is likely to happen in Sydney.

Within the planning community, there is a body of thought that ‘what went wrong’ with Melbourne 2030 was the failure to genuinely engage the community in the formulation of the Strategy. However, I want to argue that the key issue is not so much to do with the techniques of consultation but in the poor alignment of our governance structures and planning power with our urban communities of interest.

Hierarchy of ‘Community’ in Planning

We throw the word ‘community’ around a lot in planning and in public policy generally, but usually without much precision.

We should constantly remind ourselves of the obvious, but often neglected, point that the notion of ‘community’ is not fixed to one’s local neighbourhood. We are simultaneously members of multiple communities, with differing spatial dimensions ranging from a national sense of belonging, through regional (or state) and metropolitan levels through to the local neighbourhood. Some of our community identities straddle these spatial dimensions, for example, our affiliation with particular cultural or ethnic groups, or our involvement with professional groupings or industries.



For people to be properly engaged in metropolitan policy, or to avoid a Melbourne 2030 style backlash if you will, it's vital that all these spatial dimensions of 'community' are simultaneously addressed through the planning and policy implementation process. This is not to say that metropolitan strategies should be determined solely on a 'bottom up' basis, focusing on the aspirations and prescriptions of local neighbourhoods. A 'Grandma's Quilt'² of local prescriptions is most unlikely to amount to a sustainable metropolitan strategy. Some issues transcend local neighbourhoods and need to be dealt with by taking into account a wider spectrum of interests. Sometimes I feel we planners have lost sight of this in our commitment to 'localism', a movement that harks back to what was a vastly different world of slum clearance and anti-freeway protests of the 1960's.

Engagement on all facets of 'community' means providing appropriate institutional structures through which people can have their say, recognizing that the further up the hierarchy of community one reaches, the more this say will need to be mediated through cross-neighbourhood, cross-suburb and cross-regional bodies. Governance arrangements are vital to community ownership of metropolitan strategies such as Melbourne 2030 or the upcoming plan for Sydney. If there are discontinuities in these institutional structures and people are denied the opportunity to contemplate the world from the perspective of their higher order communities as well as their local neighbourhoods, the default position is most likely to be uncompromising protection of the local patch.

Thus, the local neighbourhood, where people enjoy the greatest level of direct control and greatest capacity to protest the failings of governance elsewhere, can just as easily become a bulwark for conservatism and self interest as it can a crucible of positive social capital.

² I am indebted to Gary White, President of the Qld Division of PIA for this colourful and insightful expression.

Subsidiarity – A Prerequisite for Genuine Community Inclusion

Taking this view, the concept of ‘subsidiarity’ is a crucial one in framing robust implementation arrangements for Sydney’s metropolitan strategy. This concept relates to the sharing of power, the default position being that decisions should be made at the lower of the candidate levels in the hierarchy of communities unless it can be shown that such decisions will compromise higher order communities of interest.

The principle of subsidiarity regulates the exercise of powers in the European Union. It is intended to determine whether, in an area where there is joint competence, the Union can take action or should leave the matter to the Member States (see Text Box).

“Subsidiarity is the idea that matters should be handled by the lowest competent authority. The Oxford English Dictionary defines subsidiarity as the idea that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level. The concept is applicable in the fields of Government, Political Science and in the Management of large organizations. Subsidiarity is, ideally or in principle, one of the features of federalism. The word subsidiarity is derived from the Latin word subsidiarius and has its origins in Roman Catholic social thought, and exists in other constitutions around the world (see for example the Tenth Amendment to the United States Constitution). It is presently best known as a fundamental principle of European Union law. According to this principle, the EU may only act (i.e. make laws) where member states agree that action of individual countries is insufficient. This principle has always underpinned the European Union. It is explicitly specified for the first time in the proposed new Treaty establishing a constitution for Europe.” <http://en.wikipedia.org>

Broadly speaking three conditions need to be met if institutional arrangements are to be successfully engineered against the benchmark concept of subsidiarity:

1. Each major ‘layer’ in the hierarchy of communities must be represented by institutions with clear mandates to pursue these interests.
2. There must be statutory, judicial and fiscal checks and balances to protect the integrity of these institutions and their capacity to act autonomously within their mandate.
3. There must be commitment to maximum achievable devolution of decision making power, resources and accountability.

So, how do our governance frameworks in NSW rate against these criteria, and what does this mean for the success or otherwise of the metropolitan strategy process for Sydney?

Plugging the Gap in Metropolitan Governance

In terms of the first of the above 3 prerequisites, the governance structure in NSW, as with most other States, has a glaring deficiency. Sydney lacks an institutional structure that can represent the *metropolitan* community of interest without fear or favour.

These institutions used to be common features of urban management. One example is the Melbourne and Metropolitan Board of Works that was abolished by the Cain Labor Government in the early 1980's in favour of concentrating planning power within the State bureaucracy. While this move was motivated by a desire for greater political accountability in major planning decisions, one can now say that it backfired. A healthy 'separation of power' within the planning system was removed, exposing the Minister of the day to the intense pressure of local politics, both in terms of disgruntled residents and frustrated developers. Removal of this governance plank is one reason why a technically excellent metropolitan strategy like Melbourne 2030 has been so prone to controversy.

As in Melbourne, the current institutional set up in metropolitan Sydney leaves a lot to be desired. Ministers are too open to aggressive lobbying behind closed doors. Professional planners often find themselves having to second guess political agendas rather than focussing on the community and technical merits of planning proposals. The Orange Grove affair is testimony to the vulnerabilities of this system.

It's time to revisit arrangements where the drafting of metropolitan plans and decision making on major development proposals are performed by a statutory authority operating at arm's length from the Government of the day - a Metropolitan Planning Commission.

A Commission, or something like it, would still come under Ministerial supervision, and any new metropolitan strategy would need to be approved by Government and, indeed, by the Parliament. So policy making would remain firmly in the hands of elected representatives rather than faceless bureaucrats. And so would decisions about the detailed criteria that would need to be applied when resolving decisions like Orange Grove. But the implementation of these policies and criteria would be the clear responsibility of the Commission.

Such a 'separation of powers' in planning would lead to better decision making and a healthier environment for the preparation of metropolitan strategies. Ministers could still intervene in the decisions of a Planning Commission or 'call in' certain matters if Government judges this to be in the State's interests. Importantly, the reasons for these interventions would be transparent and accountable to the public. Likewise, this institutional arrangement would make lobbying by big (and small) business on planning decisions more open to public scrutiny.

The Minister's role as 'dispassionate custodian' of the planning system would be reinforced. This, in itself, would be a potent 'anti-cynic' measure. It would mitigate the scope for politicization of day to day decision making in planning and would help people believe that such decisions are being taken in the best interests of the various levels of community, rather than the vested interests of particular players in the system.

The accountability and transparency that comes with this separation of powers would be all the more robust if the Planning Commission had a degree of financial independence. It could be funded from a fee on planning approvals or a small 'metropolitan planning' charge made on all properties in the Sydney region – an approach that is not uncommon

amongst the world's leading cities. Incidentally, this financial independence would also moderate the run down in planning skills we have seen in many State agencies around the country in recent years.

Clarifying Roles in Urban Governance

As noted in the second of the three pre-requisites for effective urban governance, genuine community ownership of the metropolitan strategy requires not only that institutional arrangements broadly align with the various levels in the hierarchy of communities, these institutions should have clear roles and should enjoy a significant degree of autonomy in decision making, within their agreed area of influence.

On this front, reasonable progress has been made in Australia, if one takes a national perspective. Distributional impacts notwithstanding, the introduction of the GST was a major initiative in devolution. In effect it recognized the States and Territories as 'sovereign' governments with a distinct role to play and distinct communities to represent. By gaining access to a tax base that grew with the economy – access that is largely free of Commonwealth interference - these jurisdictions were granted a degree of fiscal independence that they had not known for almost a century.

This has made it more possible for the States and Commonwealth to re-examine their roles within the Federation and align their functions with their respective communities of interests as per the subsidiarity principle. It opens the door for constructive involvement in urban policy by the Commonwealth, not via Whitlam-esque or Better Cities style programs – that to greater or lesser degrees – offend subsidiarity principles. Rather it enables the Commonwealth to set national targets for more sustainable urban development, for example, in respect of emissions per capita, energy consumption per capita, water use, affordable housing, etc, and then reward States and Territories with additional untied payments as they meet these targets. PIA has mapped out a detailed model for such Commonwealth involvement in urban development via its "Liveable Communities" policy.

Application of such a policy would contribute greatly to the success of metropolitan planning in Sydney. Firstly, it would provide the State Government with a major incentive to get behind the Strategy and see it through when the inevitable political turbulence hits. But, more importantly, it would enable all parties to the planning process to make the link between local decisions and the ultimate impact on national sustainability. This should not be underestimated as a process of community inclusion in metropolitan planning.

However, while the GST presents the opportunity to reinvigorate the federation, EU style, the superior fiscal power of the Commonwealth presents a continuing threat of direct federal involvement in matters that clearly run counter to the subsidiarity principle. The Coalition's proposals to run a technical school network in parallel with the States' education systems is a case in point. Moreover, Australia's most successful exposition of the subsidiarity principle – National Competition Policy – is under severe pressure after

both major parties turned their back on this historic deal in the recent election campaign to fund promises involving direct expenditure by the Commonwealth.

The States need to resist these retrograde steps and continue their advocacy for greater clarity in the roles of the Commonwealth and other jurisdictions in urban policy.

Of equal importance is the continuing lack of formal recognition of local government within our constitutional structure. Councils remain the creatures of State jurisdictions and have no institutional integrity in representing local interests. In strict legal terms, there is no 'local' sphere of government aligned to the neighbourhood level of community where we might expect to have our loudest say.

I've argued that subsidiarity requires explicit recognition of a metropolitan community of interest as distinct from the 'local' community of interest. As outlined above, this could be advanced through the establishment of a Metropolitan Planning Commission's whose charter would be to help define metropolitan interests and to frame planning scheme amendments to protect and develop these interests. Metropolitan interests would include things like; urban growth boundaries; the designation of activity centres suitable for significant residential, retail, commercial civic and cultural intensification; the formulation of structure plans to support this intensification; the designation of major transportation corridors; the identification and development of key employment nodes in the metropolis (for example, current and future airports, universities, hospitals etc); the formulation of land release schedules in growth areas, where these have the capacity to affect the cost of rolling out education, public transport, health and other services funded by the State; and protection of those environmental assets within the metropolitan area that have city wide, state and national significance.

Outside these areas of metropolitan interest, the autonomy of local Councils in planning matters could and should be strengthened. For example, local Councils could have much greater discretion in how they manage in-fill residential development.

Of course, a Metropolitan Planning Commission must not become another layer of planning bureaucracy imposing a set of 'dual controls' as we saw with some regional planning authorities 3 decades ago. Logically, it would be staffed by relocating parts of the existing State planning bureaucracy. And it would become the sole planning / responsible authority for those places and issues which the Parliament confirms as being of metropolitan significance.

The advantage to Councils is that they could still be a partner in the planning effort for these areas of metropolitan interest, but without carrying the financial burden or the political accountability for the outcomes. They would also be freer to craft planning responses more aligned to local community aspirations in those areas and issues that have low metropolitan sensitivity.

Local Government as the ‘Integrating’ Sphere of Urban Governance

There is also quite a deal of work to do before institutional and program arrangements in Sydney (or any other Australian metropolis for that matter) meet the third prerequisite for effective urban governance. As well as requiring formal recognition and ‘statutory protection’ of local government, the third pre-requisite calls for a more ‘place related’ approach to service delivery, focusing on local government as the principal integrating mechanism.

There is now almost rampant cynicism in local government circles about devolution of functions and resources to Councils, with these activities often written off as disguised, or not so disguised, attempts at ‘cost shifting’.

Moreover, in some jurisdictions, institutional reforms may be putting structural barriers in the way of maximum appropriate devolution of power and resources. Sweeping local government restructuring can fall into this category if not handled carefully. While the forced amalgamation of Councils in Victoria was lauded by many in the business and professional communities as a triumph for efficient service delivery, some have argued persuasively that these economies of scale were either illusory or capable of being achieved through less traumatising strategies – for example, promotion of plant sharing arrangements and targetted outsourcing³. These arguments also hold that any efficiency may have been gained at the expense of local community identity and responsiveness of local services, thereby rendering Councils less able to play a positive role in joined up, place specific delivery of programs.

Undoubtedly there have been recent interesting experiments in equipping Councils to perform a more effective local integration or ‘place management’ role in the delivery of a range of urban services. The formation of the Department for Victorian Communities in Victoria is partly directed at this ambition. The Keating Government’s Better Cities Program showed how strategically targetted seed money could leverage more co-ordinated service delivery at the local level. The Queensland Government has operated similar seeding programs aimed at leveraging more co-ordinated service delivery by other agencies. But, by and large, the big service providers in Government – health, education, policing, justice, transport and so on – remain trapped in silo based planning philosophies and management structures, where the emphasis is on economies of scale rather than local involvement. This also creates barriers to devolution, and works against appreciation of people as citizens in a set of nested communities, rather than as customers.

Directions for Reform

By drawing on the experience with Melbourne 2030, I have argued that the success of metropolitan strategic planning in Sydney will require a lot more than a good plan and sound community consultation techniques. Significant re-engineering of governance

³ See, for example, Joel Byrnes and Brian Dollery (2002) *Do economies of scale exist in Australian Local government? A review of the Empirical evidence*. <http://www.une.edu.au/febl/EconStud/wps.htm>

arrangements around urban policy are required. Current institutional arrangements are not particularly supportive of subsidiarity - a principle that is critical to genuine community involvement in planning, and, ultimately, ownership of a metropolitan strategy.

Some key areas for reform include:

- Strengthening COAG, to gradually engineer better recognition of the different roles of the spheres of government, taking into account their respective positions in the spatial hierarchy of 'community';
- Some form of statutory recognition for local government, to give it a degree of protection from being 'switched on and off' by State Governments and to enable it to become a genuine partner in service delivery and tax raising;
- Commonwealth re-entry into urban policy, but focussed on setting national targets and leaving the 'how to's' to State and local government, as detailed in PIA's 'Liveable Communities' policy;
- Reinstatement of a metropolitan planning commission which can operate at arm's length from both the Planning Minister and constituent local councils – in other words to genuinely represent shared interests at the '*metropolitan*' level, a forgotten dimension of community in our governance structures; and
- Silo smashing programs, which accelerate devolution by providing local communities with resources to leverage more locally responsive planning by large scale government service agencies.

Not all of these areas fall within the immediate sphere of influence of the NSW State Government. However, it can do something positive in terms of a planning protocol with local government. It can also explore the concept of a metropolitan planning commission to separate the Minister from the daily debate over development approvals and to build greater awareness of city-wide communities of interest.