

An aerial photograph of a city, likely Auckland, New Zealand, featuring a large dam and a river. The image is overlaid with a semi-transparent blue rectangle containing the title and presenter information.

Why Can't a Woman be More Like a Man? Challenges in Local Government Reform

A presentation
by
Peter McKinlay
McKinlay Douglas Ltd

Why Can't a Council be More Like a Business?

- It's a tempting question, and as with Prof Henry Higgins' plea in *My Fair Lady*, if that's where you start from, it can seem a very reasonable one as well.
- But also as Henry Higgins had to accept, the underlying differences are fundamental and you ignore them at your peril.
- The primary purposes are very different. Business seeks to maximise shareholder wealth; local government's role is to promote the well-being of its communities. The same person as shareholder and as citizen acts very differently, and often with very different underlying rationales.

The Key to Successful Reform

- Understand the nature of local government. The history of local government reform includes far too many examples where reformers assumed away the inherent nature of local government, the democratic process, and the often strong commitment which local citizens have to their place.
- My favourite example is the way we describe councillors as parochial, and try to restrain parochial behaviour. The reality is people get involved in local government because they are passionate about their local place, and they get elected because they deliver – which is one reason why it's very hard to get local councils to agree collectively on major regional issues. The reform challenge is to design new structures to accommodate local patriotism, not try to eliminate it.

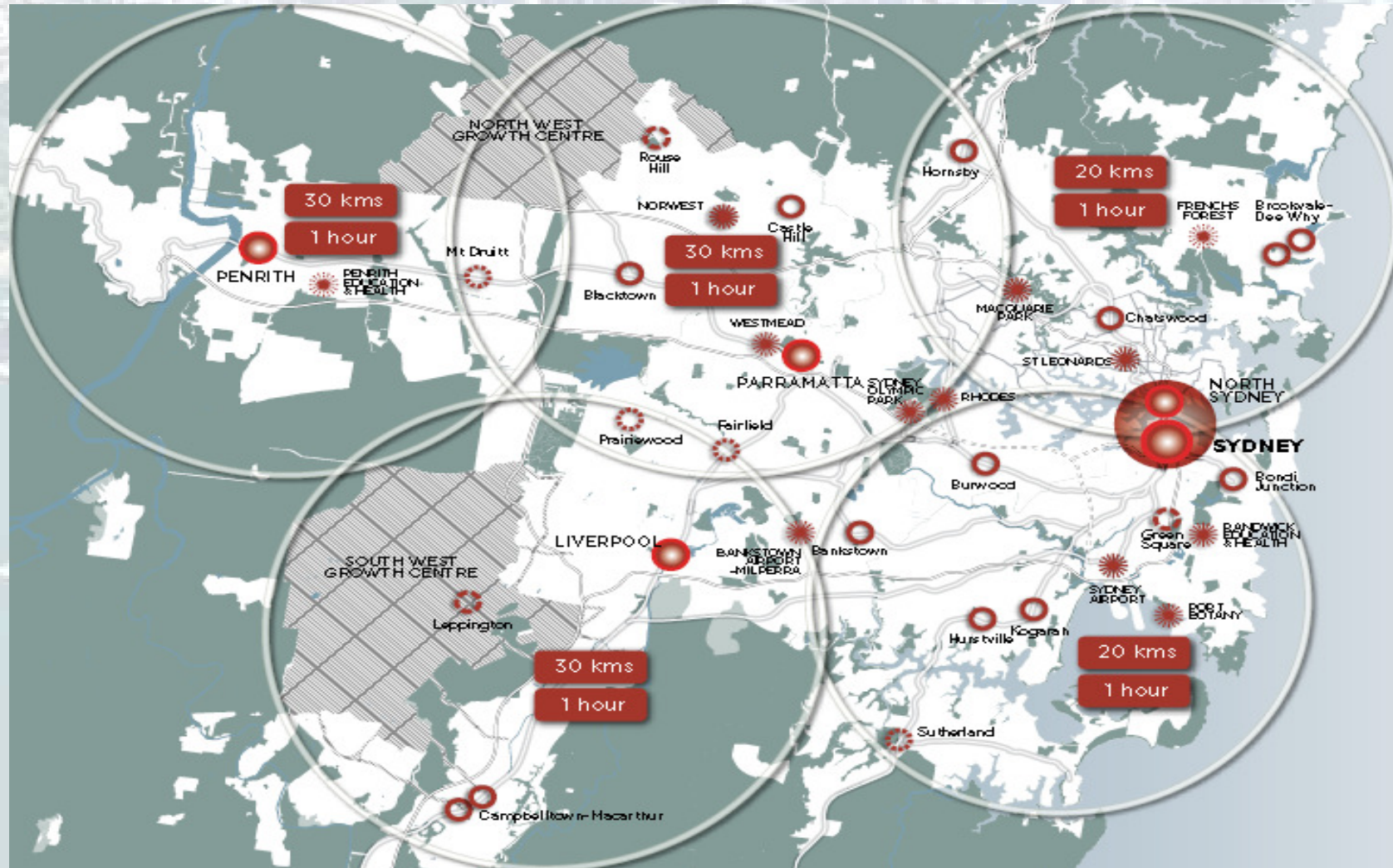
Three Basic Propositions

- Restructuring metropolitan governance should be seen as a major priority .
- Local government service delivery should be subject to the ‘indifference’ principle – councils should be indifferent as between different means of service delivery; what matters is which means delivers the best outcomes for the council’s communities.
- In a world which places increasing emphasis on citizen engagement with local government, a proper test for performance is that residents feel respected and engaged by their councils.

Metropolitan Governance and Why It Matters

- This is the century of the city – increasingly economic and social relations across borders are city to city.
- Lifting the performance of metropolitan centres is the most significant challenge and task for higher tiers of government.
- Australia's resource driven two-tier economy places its metropolitan centres at a competitive disadvantage internationally – making it all the more important to ensure they are internationally competitive on the issues that matter. This includes integrated land use and infrastructure planning, and the social and cultural investment to attract and retain a highly mobile and highly educated workforce.

Metropolitan Governance Reform?



What Matters?

- Ability to take and implement decisions on major regionwide matters – especially integrated land-use planning and infrastructure.
- Don't clutter up your regional structure with a whole range of decisions on service and other matters which can be handled at a lower tier.
- Clarity and focus – knowing and understanding the performance characteristics of the different possible structures for local government.

Two Examples: London and Toronto

- London: a regionwide governance structure focused on regional strategy and services. A boundary which covers the metropolitan region. Strong decision-making power – an executive mayor (but with checks and balances).
- Toronto: City 2.5 million; CMA 5.1 million; Golden Horseshoe 7.6 million. Mix of regional and local services. Some executive mayoral powers but ward based council primary decision-maker. An “unwieldy, needlessly politicised, and unpredictable system.”

Australia's Unique Challenge

- If local government reform results in strong metropolitan governance, what then is the role of the State government?
- The challenge is unique because Australia's metropolitan centres make up such a high proportion of population and economic output of the states in which they are located.

Local Government Service Delivery and the Indifference Principle

- Keep local services in local structures – perhaps 10 councils for Sydney?
- Do not expect restructuring to bring savings – the better approach is the Queensland emphasis on creating capable councils.
- Councils could be required to be indifferent as to who delivers services – choosing whatever means produces the best outcomes for the community.
- For many services this could mean use of local authority owned companies or other arms-length entities with “fit for purpose” governance.

Structures and Incentives Matter

We underestimate two types of incentives at our peril:

- The incentives inherent in different types of organisational structure – consider why Regional Organisations of Councils are so problematic.
- The personal and professional incentives which staff will bring to their roles – would 10 large councils for Sydney lead to an improvement in processing development applications, or entrench a different set of values?

Community Governance

- There is increasing evidence that people want to be involved in the decisions which affect their immediate neighbourhood – whether it is trees, local streets, neighbourhood parks, the local library, shopping centre, or council related social services.
- There is also evidence that for the taxpayer to get good value from the massive sums now spent on major social services, their design, targeting and delivery should be based on very good local knowledge and local networks – local engagement is going to be critical as part of good fiscal management. It's going to mean partnership between higher tiers of government and communities with local government as the intermediary.

A Performance Objective for Community Governance

- Residents feel respected and engaged by their council.
- There is probably no need to mandate any particular structure – a range of different options are emerging across Australian local government for better community engagement – it's very much councils and communities sorting out what best suits their own local circumstances.

Summary

The objective of local government reform should be to deliver three separate but interrelated outcomes:

- Strong metropolitan governance able to take and implement decisions on major regionwide matters despite the inherent complexity and often win-lose characteristics.
- Effective service delivery based on the indifference principle and delivered by a tier of strong capable councils often working through arms-length entities.
- Community governance at the local level conducted with the objective that residents should feel respected and engaged by their council.