

**HOW TO DEVELOP GOOD GOVERNANCE AT THE  
CITY LEVEL**

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# How to develop good governance at the city level

## Introduction

The obvious starting point for a paper on this theme is to look at what could be meant by good governance. International interest in governance as opposed to government per se took off at the beginning of this century with work being undertaken by agencies such as the World Bank and the OECD as part of a focus on how to improve economic performance in developing countries. The OECD identifies the following characteristics of good governance:

It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making (OECD, 2001).

Robin Hambleton, Professor of City Government at the University of the West of England draws what is now an often used distinction between government and governance:

Government refers to the formal institutions of the state. Government makes decisions within specific administrative and legal frameworks and uses public resources in a financially accountable way. Most important, government decisions are backed up by the legitimate hierarchical power of the state. Governance, on the other hand, involves government plus the looser processes of influencing and negotiating with a range of public and private sector agencies to achieve desired outcomes. A governance perspective encourages collaboration between the public, private and non-profit sectors to achieve mutual goals (Hambleton 2004:50).

The emphasis in both of these quotations is on inclusiveness; on reaching out well beyond the formal structures of government. An additional and different emphasis comes through from recent reports on local government restructuring, with an emphasis on the need to create capable organisations able to take and implement decisions in a timely way.

The Royal Commission on Auckland Governance found that "regional governance is weak and fragmented" and "community engagement is poor". It went on to state:

Auckland's regional council and seven territorial authorities lack the collective sense of purpose, constitutional ability, and momentum to address issues effectively for the overall good of Auckland. Disputes are regular among councils over urban growth and the development and sharing of key infrastructure, including roads, water and waste facilities, and cultural and sporting amenities. Councils cannot agree on, or apply, consistent standards and plans. Sharing of services among councils is limited, yet there is scope for so much more activity in this area.

The end result is delayed and sometimes suboptimal decisions for the region. In its funding decisions, central government has to deal with multiple parties, with Auckland councils and agencies failing to articulate clear regional priorities. Citizens and businesses get poorer services than

they hope for, at a higher cost than necessary. There is waste. (Royal Commission 2009 p 4).

Queensland's Local Government Reform Commission, which reported in 2007, identified broadly similar issues in its discussion of structural inefficiencies in Queensland's local government which it saw as including:

- Where multiple local governments' planning arrangements increase the complexity of managing economic development and growth for the region;
- Where current local government boundaries artificially create barriers between similar communities, create duplication of administration and mitigate against consistency in planning and service delivery;
- Where a large number of small administrations in a compact geographical area do not facilitate the ability of local government to actively capture and manage regional economic opportunities; and
- Where local government boundaries impede optimal service delivery, for example, donut councils.

Similar concerns have also driven local government restructuring in Canada. Stoney, Hilton and Krawchenko (2009) in a critical review of Canada's City-regions (drawn on below) observe that in their comprehensive text on local government in Canada, Tindal and Tindal comment that the philosophies underlying the various models for local government in Canada have tended to reflect "...a concern for efficiency and coordination in the delivery of services to the relative neglect of the representative and political aspects that are (or should be) equally a concern of municipal government" (Tindal & Tindal, 2004, p. 297).

### **Summary**

From this brief overview it is clear that among the different understandings of good governance are:

- The ability to take and implement decisions which promote efficient resource use, and collaboration in planning and delivery; and
- Inclusiveness - reaching well out beyond the local authority to bring a range of interests into decision-making - and including due regard for the representative and political aspects of local government.

### **Good governance**

How do we recognise good governance when we have it? For the purpose of this paper good governance will be treated as the ability to take and implement decisions about the community's desired future. It is a combination of capability and legitimacy - the technical and administrative capabilities needed to ensure that decisions are well-informed, and pay due regard to matters such as area of impact, and integration with other activities (integration of transport and land use planning is a classic example) - and the legitimacy or community acceptance required so that a broad spectrum of the community is satisfied that the decisions are 'right' in a sense meaningful to them, even though they may not support the actual decision itself.

To put it another way, good governance can be seen as requiring a combination of technical and organisational capability with community engagement and legitimacy.

In a world in which local government restructuring is often driven by strongly held but not always evidence-based beliefs that bigger is better<sup>1</sup>, and efficient service delivery is the principal business of local government, it is important to remember the community/legitimacy dimension. As the Greater Toronto Area Task Force (1996) advised the Ontario provincial government:

The right kind of citistate governance must be developed in a consultative "bottom-up" process involving a wide range of civic players, neighbourhood leaders up to the level of corporate leadership. Mutual trust needs to be built amongst the parties. It would be an error for a state government to impose a regional government without broad consultation with the local community.

That advice was not followed. Both in Toronto, and in Ottawa, the provincial government imposed its own view of what was required to create a strong regional government. A number of researchers, and reports such as the Blueprint for Fiscal Stability and Economic Prosperity, the final report of the Toronto Mayor's Fiscal Review Panel (2008), have found significant fault with the resultant governance structures, especially in terms of their ability to deliver on effective decision-making.

Stoney, Hilton and Krawchenko (op. cit.) are among a number of researchers who have found the new structures wanting. They comment that "continued dominance of ward centric decision-making, a weak mayoral system, the absence of policy platforms and party political cohesion, dependence on developer funding, poorly contested elections, severe restrictions on debt financing, weak autonomy and a growing dependence on the still largely incidental funding from higher level governments are some of the key factors often credited with undermining effective municipal governance of Canada's cities."

## **Context**

The governance of cities used to be concerned with relatively simple and straightforward matters such as the provision of major infrastructure in an age when environmental impacts and climate change were not a critical part of decision-making, and providing or facilitating access to a range of recreational, artistic and cultural facilities, as well as local regulation.

It was an age when representative democracy provided a sufficient mandate for the decisions of local government, and local government generally had the combination of powers and capability required to implement those decisions effectively.

The great issues confronting local government, especially the world's mega - cities, are now both more complex and require quite different approaches for implementation. Cities are expected to play a leading role in areas such as response to climate change, and minimising the impact of service delivery on the environment. This means, for example, working to reduce energy consumption, minimise the use of motorised transport, manage water both as a scarce commodity, and in terms of the impact of the capture and disposal of water on the environment and much more besides.

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<sup>1</sup> See Bish (2001) for a compelling argument against this position

Unlike the relatively simple tasks confronting local government in years gone by, these are not areas where duly elected local governments can simply direct their citizens in terms of what is required, or make unilateral decisions as to what should be provided, and expect compliance. We are now in the very different world of seeking to lead behavioural change, something which to be effective requires both genuine understanding by and acceptance on the part of those whose behaviour is to change. How many times have the people in this audience heard experts in areas such as energy efficiency, or water management, state that we already know what needs to be done to reduce our impact on the environment very substantially? The point is that people don't want to do it.

Predicting Community Behaviour in Relation to Wastewater Reuse: What drives decisions to accept or reject (Po et al 2005) reports the findings of a research project undertaken by the CSIRO (the Australian government's principal research institution) into the behavioural factors influencing people's willingness to use recycled wastewater. A key conclusion is that governments need to engage rather than persuade the community. A genuine partnership with the community needs to be developed over time if changes in expectations and behaviour are to be brought about consensually.

The significance of this finding for designing good governance at the level of the city cannot be overstated. It is not sufficient (although it is necessary) that governments, city or otherwise, have the formal legal powers, and the scientific and technical information, required to enable and justify initiatives which they may want to take in areas such as infrastructure and environmental management; increasingly they also require legitimacy in terms of community acceptance that what they propose is 'right' in terms relevant for the community.

In some respects, this should not really come as a surprise. There is an increasing volume of research which emphasises that citizens wish to engage with local governments not simply through the conventional representative process (which in many jurisdictions appears to be in decline) but through active participation, sharing in shaping issues and in taking decisions (see, for example, Haus & Sweeting 2006; Schaap et al 2009).

There is evidence of the same trend in Australia. In 2010 Pittwater Council in NSW conducted a customer satisfaction survey involving 400 local residents of varying ages. The General Manager provided the following view of the results:

What has surprised the council about the survey results is the fact that residents appear to be less concerned about what I would call the 'traditional' activities of local government – and much more interested in what could loosely be termed participatory democracy. The survey findings go on to say that out of ten drivers of satisfaction – what residents really want – the top two were access to Council information and support and community involvement in decision-making. Managing development came third, domestic waste fourth and perhaps most surprising of all, maintaining local roads came seventh.<sup>2</sup>

### **Developing good governance**

If the evidence of recent experience is anything to go by, developing good governance for mega-cities is an extremely challenging and not always successful endeavour. Part of the challenge is that good governance needs to be effective at two different levels; regional as a means of taking and implementing decisions on

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<sup>2</sup> Excerpt from the blog of the Council General Manager, accessed at [www.pittwater.nsw.gov.au/blogspot](http://www.pittwater.nsw.gov.au/blogspot)

major regionwide issues such as infrastructure and regional economic development; local or neighbourhood as a means of building the connections and legitimacy essential for local government's 'licence to operate'.

It requires, as the Greater Toronto Area Task force emphasised, a bottom-up process to establish legitimacy, as well as a very good understanding of what works and what doesn't at the regional level.

Recent experience allows us to draw some very useful lessons. One concerns what is often referred to as the 'parochial' nature of ward-based local government - or more generally what is perceived as the problem of placing decision-making power with a body made up of people who individually represent only part of the area its decisions affect.

The Royal Commission on Auckland Governance in its discussion of leadership stated that "Fresh blood and fresh ideas will be required to move on from the region's **history of parochialism**" (emphasis added). In this quote, the term parochialism is clearly used pejoratively; parochialism is something to be avoided.

The reality, as anyone familiar with local government will be very aware, is that people who put themselves forward for election typically do so because they have a strong commitment to the area or district which they represent. For them this attitude is not parochialism, rather it's what local government is about - representing your particular area and protecting its interests. In this respect, it's important to recollect the difference between local government and central government. Generally the impact of central government activities is not felt directly within the personal space of individual citizens. In contrast, most of what local government does impacts directly within the local community, whether it's consent and regulatory powers in respect of land use and building development, dog control, local infrastructure development, management of local streets parks and reserves and much more - local government is literally about shaping the local environment in ways which arouse local passions in a way which central government activities seldom do. Recognising this, I have occasionally argued that 'local parochialism' should be regarded as 'local patriotism' if we want to have a serious policy debate about how this characteristic of elected members should be managed.

In many jurisdictions parochialism is exacerbated by the electoral process. Unsurprisingly, the electors will tend to favour candidates who promise to protect their interests, and reject those who do not. How and the extent to which this is a problem depends on whether or not there is a tradition of political party participation. Where there is, party discipline can normally be relied on to override parochialism on the part of individual candidates but, at the same time, can intensify the impact of policy shifts.

### **Designing regional (mega-city) level governance**

The overarching requirement which comes out of the discussion in this paper is the need for a structure which can take and implement decisions notwithstanding the inherent parochialism of elected members. A realistic approach to this will recognise that there is the potential for a conflict with higher tiers of government who may for their own reasons prefer relatively weak regional decision-making bodies (OECD 2004).

Recent experience shows a number of different approaches to dealing with this need.

## **London**

The governing body for Greater London is the Greater London Authority (GLA) which is headed by an elected executive mayor with decision-making authority but within constraints designed to ensure a measure of accountability. These include:

- Requirements for public consultation on the development of the various plans for which the mayor is responsible.
- The power of the GLA to overturn the Mayor's budget on a two thirds majority (considered in practice to be a relatively weak power as normally the Mayor's own party will have at least one third of the seats on the Authority and can be presumed to be supportive).
- A requirement that the statutory officers of the GLA are appointed jointly by the Mayor and the assembly.
- The assembly (elected members other than the Mayor) has power to hold non-binding confirmation hearings for key appointments which the Mayor proposes to make - essentially the chair and deputy chair of four key functional bodies.
- The assembly has a scrutiny role in respect of the decisions and activities of the Mayor which enables it to summons officials and information from across the GLA and to investigate and prepare reports.

A further constraint arises from the fact that the government still exercises significant control over the funding of the GLA.

Notwithstanding the various constraints, it is clear that the Mayor does have very significant authority, including the power inherent in the leadership role, as well as specific statutory powers - as an example the power to determine London's spatial plan must be regarded as extremely important given its role in regulating activity across the entire city region.

The creation of the Greater London Authority, and the role of elected executive mayor, were expressions of the vision which the leader of the Labour Party in government, Tony Blair, had for local government. He expressed much of this in a 1998 pamphlet published by the Institute of Public Policy Research (Blair 1998) in terms such as:

*New ways of working:* most people do not know the name of the leader of their council. The committee system takes up an enormous amount of time and discourages rather than encourages leadership. A radical overhaul is needed. Councils should separate the executive from the non-executive role of councillors. Directly elected mayors and cabinet style appointments should be used to develop clear and strong local leadership. Other councillors should have more support in scrutinising decisions, monitoring performance and representing constituents and community groups in their ward.

Tony Blair's vision strongly influenced the provisions of the Local Government Act 2000 which amongst other things introduced the concept of Cabinet government, with up to 10 executive councillors holding decision-making authority within their portfolios, and the remaining non-executive councillors primarily responsible for oversight and scrutiny.



In a sense, these reforms contributed to the objective of clarifying decision-making power, but they did relatively little to increase the power of local government itself as central government continued to exercise very considerable influence and authority, both through the fact that on average 75%-80% of local government revenue comes in various forms of central government grant (approximately 20% is the redistributed business rate), and through a comprehensive system of KPIs and directions. Much of this is now being swept aside by the new coalition government whose initiatives include a Localism Bill which will grant local government a power of general competence but it remains to be seen whether local government will gain any more power over funding (and central government has been making very substantial cutbacks to the funding for local government services).

For London specifically, as the Mayor's powers increase (they were significantly extended in 2008), will this place additional stress on the GLA/Central government relationship? How tolerant will central government and its bureaucracy be of a single individual holding enormous decision-making power - what if the Mayor were to be given significant financial powers? Would this tip the balance towards England becoming a federal country? What does this say about the limits on the potential for the executive mayor model, at least in countries which follow the Westminster tradition?

### ***Toronto and Ottawa***

These are both examples of a relatively weak mayoral model in the sense that formal decision-making power for the most part is vested in the elected council. In turn, the councils themselves are elected on a ward basis. Because there is no tradition of political party control, the councils can resemble a collection of independents making it difficult to establish consistency in council policy, a fact highlighted in the final report of the Mayor of Toronto's Fiscal Review Panel, which in the section dealing with political culture had this to say:

Criticisms go to the incivility of the political culture, its inefficiency, the lack of a will to change, and the ineffectiveness of Council. The daily press is full of examples of petty bickering, grandstanding to score points, mistrust, bad blood, and the remembrance of past grievances among members of Council. There are many occasions when Councillors intervene with the administrative staff to promote some local cause or to subvert normal procedures. All of this is layered on top of the threats and challenges posed by amalgamation and the seeming ignorance of the City's fiscal problems. (op. cit. P 44)

The inherent problem is one of organisational design. Both the Toronto and Ottawa restructurings appear to have proceeded on the assumption that differences amongst the pre-existing local authorities would be resolved by combining them within a single organisation and overlooked the impact of placing that single organisation under the control of ward-based councillors who would still carry with them a sense of commitment to the place they represented.

The risk, if the situation is not addressed, is that one or both of two possible outcomes will result. The first is gridlock; the inability to take decisions on critical citywide matters because of parochial opposition. The second is that the provincial government will intervene in order to fill the vacuum (and almost certainly without recognising the irony that the vacuum results from the actions of a previous provincial government).

## ***Vancouver***

As discussed in the companion paper presented to this conference on the integration of urban services and good governance, metropolitan governance for the Greater Vancouver region is exercised through the Greater Vancouver Regional District. Essentially, the regional district is an umbrella for inter-municipal co-operation which is now sponsored with the delivery of a wide range of services including infrastructure for water and waste water.

The British Columbia regional district system, and in particular its application in Greater Vancouver, has received high praise as evidenced by the following quotation from one of Canada's leading authorities on local government:

The genius of the Regional-District system in British Columbia is that the Vancouver city-region obtains most of the benefits of having a metropolitan authority without the addition of another competing tier of directly-elected local government. For many of the world's city-regions, the Greater Vancouver Regional District merits at least further study, if not emulation (Sancton 2005).

However, the regional district system has not been without its difficulties. First, and again as discussed in the companion paper, it has not been immune to intervention by a pair of government as evidenced by the enforced restructuring of TransLink.

Next, there is evidence that the regional district system is much better at dealing with "win-win" situations than it is with situations in which one or more municipalities will be winners and one or more will be losers. In 2008 the writer had the opportunity of interviewing one of the leading chief administrative officers within the regional district system. He was quite clear that the system worked extremely well when all participants believed that they were benefiting from the initiatives to which they were party, in other words, when the people sitting around the regional district board table all believed that their own local interests and the regional interest coincided. This was not the case when board members believed that their local interests and the regional interest were potentially in conflict. The example he gave was regional economic development (perceived as primarily focused on attracting new businesses) which his own board had refused to become involved with because a number of the board members each wanted their own local district to have first opportunity.

This experience is supported by the findings of the Regional District Task Force, an initiative of the Union of British Columbia Municipalities (UBCM) and the Ministry of Community and Rural Development, which reported in January 2010. It noted that "frictions among governments – whether rural, municipal, regional or provincial – can turn healthy debate over different perspectives into a barrier to effective performance at some board tables."

## ***Brisbane***

The present structure of the City of Brisbane dates back to 1924 when the original City of Brisbane Act was passed (the present legislation is the City of Brisbane Act 2010).

The legislation adopted what could be described as a strongish mayor model. The mayor (titled the Lord Mayor) does not have the type of decision-making power which the Mayor of London has, but does have very significant powers to set the direction for the council itself, and oversee administration. These are set out in

section 14 (4) of the present act as responsibilities which the mayor has over and above those of ordinary elected members:

The mayor has the following extra responsibilities—

- (a) implementing the policies adopted by the council;
- (b) developing and implementing policies, other than policies that conflict with policies adopted by the council;
- (c) leading and controlling the business of the council;
- (d) preparing a budget to present to the council;
- (e) leading, managing, and providing strategic direction to the chief executive officer in order to achieve high quality administration of the council;
- (f) ensuring that the council promptly provides the Minister with the information about Brisbane, or the council, that is requested by the Minister;
- (g) arranging representation of the council at ceremonial or civic functions;
- (h) directing the chief executive officer and senior contract employees of the council.

The governance of the council is undertaken primarily through seven standing committees whose chairs, plus the Lord Mayor, make up what is known as the Civic Cabinet and in practice forms the Council's primary decision-making body.

As well as the statutory provisions, which support a strong decision-making structure, the city's political culture is also significant. Party politics have been a feature of council administration since the city was established. For most of its history, one or other of the main political parties (Liberal and labour) has held a majority (there have been occasions when there has been no majority party and thus a form of coalition government).

With the combination of mayoral powers, the Civic Cabinet, and party political control, Brisbane provides an example of a ward-based Council which does provide an effective basis for taking and implementing decisions on regionwide issues, in part because party political control has generally been an effective means of countering the risk of parochialism.

Despite its powers, the City of Brisbane is subservient to the State government in a number of significant areas including regional planning, which is led by the state government, and water and wastewater where the State government sets the basic policy framework, and owns all of the infrastructure associated with the supply of bulk water.

It should also be noted that the City of Brisbane covers only some 50% of the Brisbane Metropolitan area by population, and only one third of the population of South East QLD which is treated as a single region for planning and infrastructure purposes. It does, though, play a lead role in the South East Queensland Council of Mayors which is emerging as a potentially important countervailing force to the role of the state government as a de facto regional authority.

### ***Auckland***

Auckland represents a somewhat different approach to the challenge of establishing a means of taking and implementing decisions on significant regionwide matters. We have already seen (page 2 above) that the Royal Commission took the view the pre-existing authorities generally lacked what was required to address issues effectively for the overall good of Auckland.

When it came to considering what structure it should recommend for that purpose, the Royal Commission was prepared to give the mayor greater authority than is the case for New Zealand mayors generally, but was not prepared to recommend an elected executive mayor taking the view that the mayor should be required to persuade councillors, rather than being able to impose a decision. Accordingly the principal additional powers and prerogatives which the Royal commission recommended were the power to appoint the deputy mayor and committee chairs (positions normally filled by election by the council as a whole), the power to propose the Auckland council budget and initiate policy, and the support of an appropriately staffed mayoral office.

Without specifically making it clear that it was substantially enhancing the powers proposed by the Royal Commission, the government gave the mayor a number of additional powers. The statutory provision is set out in Appendix I. The powers include:

- In addition to the appointment of committee chairs, the power to establish committees which clearly includes determining how many committees, what subject areas, their terms of reference, and their membership.
- The power to lead the development of council plans, policies and budgets for consideration by the governing body. This is a significantly strengthened power in comparison with that to propose the budget and initiate policy.
- To establish processes and mechanisms for the Auckland Council to engage with the people of Auckland.

The Auckland Council itself is what is known as a unitary council; it has within its region all of the powers of the two different forms of local authority in New Zealand, regional councils and territorial authorities.

Both the Royal Commission, and the government, rejected the idea of establishing a second tier of local government to be responsible for sub-regional matters. Instead both accepted that the Auckland Council should be the sole employer, asset owner, fundraiser (both revenue and capital) and should also have the sole responsibility for service delivery either itself or through council controlled organisations.

For the Royal Commission, local democracy was to be provided by six local councils in geographic terms broadly replacing the predecessor city and district councils. Their primary function was to be a combination of advocacy on behalf of their communities, and oversight and monitoring of services delivered locally by the Auckland Council as well as negotiating the budget to meet the cost of those services together with any targeted rate required to fund services over and above the budgetary provision made by the Auckland Council.

The Government rejected the proposal for six local councils and replaced it with a proposal for local boards with the final number, now set at 21, to be determined by the Local Government Commission. The principal reason given by government for this change was that six local boards were too few for effective local democracy. The functions of local boards are not significantly different from those proposed by the Commission for local councils again being primarily a mixture of advocacy and the oversight and monitoring of local services (there is a statutory difference. The actual legislation rather than giving local boards specific authority in respect of defined services, it provides that generally decision-making on the

non-regulatory activities of the Auckland Councils should be by local boards unless the impact of the decision is likely to extend beyond the area of a single local board, the decision requires integration or coordination with decisions of the Auckland Council itself, or the benefits of a co-ordinated approach will outweigh the benefits of local decision-making.

It is yet unclear whether local boards will evolve as a strong expression of community governance, or whether the Auckland Council's management of its relationship with local boards effectively suppresses their community governance potential.

Finally, the government determined that virtually all of the Auckland Council non-regulatory service delivery activity should be vested in a series of council controlled organisations.

The Auckland case is of particular interest because of the way the mayoral powers are defined. They could have provided the basis for strong mayoral lead Cabinet government if the mayor had decided to use his powers to establish committees, and appoint committee chairs, as the basis for building the equivalent of Brisbane's Civic Cabinet. It would have been relatively straightforward to create an effective majority of elected members loyal to the Mayor and other things by virtue of patronage. Instead the Mayor opted for what he described as an inclusive approach, ensuring that every elected member had some position of significance with the objective of building a consensual approach to council decision-making. Whether that approach will withstand pressures of parochialism and political difference remains to be seen (although the Auckland Council is not party political controlled, there are a number of elected members that stood on tickets known to have party political affiliations, and by the very nature of the areas they represent, councillors do have different political perspectives).

Is also too early to make a considered judgement about how the establishment of the Auckland Supercity will affect the balance of political power as between the Auckland region on the one hand and central government on the other. There are clear signs that the Auckland Council intends to be assertive in terms of what it sees as Auckland's needs. On the other hand, Central government has made it very clear that it sees establishment of the Auckland Council has amongst other things a means of ensuring better integration between decision-making for Auckland, and central government policy which a number of people have interpreted as code for a declared intention to intervene actively in decision-making on the future of Auckland.

### ***Have we solved the regional level design problem?***

The answer, reviewing the experience described above, is almost certainly not. Each brief case study illustrates one or more of the major issues which confront the task of establishing effective metropolitan level governance:

- The vulnerability to parochialism, unless structures are specifically designed to ensure that this cannot influence decision-making, or unless there are other mechanisms in place (for example party political control of Brisbane) which mitigate against parochialism as such.
- The ongoing tendency of higher tiers of government to intervene whenever they consider that the interests they represent demand it.

It is difficult to see easy answers to dealing with either of these problems. Party political control may provide an effective means of mitigating against parochialism, but there's no way of simply requiring that there should be party politics in local government. That is very much a function of local choice, culture and practice.

The executive mayor model, at first blush, appears to provide a solution but that carries its own challenges with it. In particular, is it viable as a long-term solution, especially if the mayoral reach is across the full range of services which could best be managed and/or co-ordinated at a regional level? Concentrating power to that extent in the hands of a single individual is a challenging choice in a democratic society.

Nor is easy to see how higher tiers of government could be expected to stand back when a major metropolitan centre within their jurisdiction is either pursuing a course of action which the higher tier considers to be against the state, provincial or national interest, or failing to act in a way which the higher tier regards as appropriate. Higher tiers of government will respond to what they see as the interests of their electorate. In this respect, it is instructive to consider the reasons which the Queensland State Government put forward for putting in place a Local Government Reform Commission, with a mandate to report swiftly on restructuring local government, rather than awaiting the outcome of the Size, Shape and Sustainability initiative being undertaken by local government:

- With the next council elections scheduled for 2008, this reform needs to be implemented now.
- Local government's Size, Shape and Sustainability initiative will not achieve reform before the next elections.
- Queenslanders need improved services now and cannot wait another four years for local government reform. (Queensland Government 2007).

The changing emphasis on the role of major urban centres within the world economy is raising the stakes, both in terms of the need for effective governance at the metropolitan level, and in terms of the incentives facing higher tiers of government. The more you believe that the success of your major metropolitan centre or centres is the single critical factor in the success of the national economy, the greater your incentive to intervene to 'steer' the metropolis in the direction you believe it should travel. At the same time, we also know that strong metropolitan governance requires a measure of local autonomy - which suggests that higher tiers of government should be focused more on collaboration and partnership than on intervention.

There is a further factor which also needs to be considered, when thinking about the design of metropolitan governance. Inevitably and always formal jurisdictional boundaries, and the functional boundaries especially for economic activity will differ. The final report of the Lyons Inquiry into Local Government observed:

There are important questions about what is the best level of governance to drive economic prosperity, but the fact that functional economic boundaries are not precisely defined, are different for different kinds of activity, and change over time, means that we should avoid simplistic solutions to what are complex problems (p6).

Andrew Sancton took this point further in a thoughtful reflection in *The Limits of Boundaries* (Sancton 2008), recognising that this was an issue not just for economic activity, but for other uses. He began with the following observation:

Because cities are becoming increasingly important as sources of innovation and wealth in our society, does it follow that their own institutions of government will become increasingly autonomous such that they will become self-governing? I argue in this book that, contrary to some recent claims, cities in Western liberal democracies will not and cannot be self-governing. Self-government requires that there be a territory delimited by official boundaries. For cities, the boundaries will never be static, will never be acceptable to all, and will always be contested. Boundaries fatally limit the capacity of cities to be self-governing. (P3).

### **Local or neighbourhood governance?**

This is the second necessary dimension of effective metropolitan governance. We have already observed in the discussion on the context above (P4) that the great issues confronting local government are now more complex than in former years.

The complexities take two different forms. One concerns how best to deliver the wide range of social services which are now seen as the core responsibility of the state in most Western liberal societies. The other concerns the issue of educating behavioural change; how to garner support for the practical steps required to implement policies in areas such as climate change, water management, energy efficiency, transport...?

The Big Society initiative of the present Conservative-Liberal Democrat coalition government in the United Kingdom can be interpreted in a number of different ways. One, which has some credence, is that it proceeds from an evidence-based belief that the 'top-down' design and delivery of social services is relatively ineffective to achieve the desired outcomes; the missing element is the intimate knowledge and networks at a local level required to really understand where, when and how best to deliver interventions. The Manifesto for Londoners, prepared by London Councils in the dying days of the previous Labour government argued cogently that devolution of service delivery from central government was desirable both in terms of effectiveness and in terms of efficiency - in other words, that the conventional 'top-down' approach was not just relatively ineffectual, but overly costly.

The initiative is also resulting in a number of councils reviewing the way in which they connect with their own communities. One example which is attracting attention is Lambeth Borough Council's rebranding itself as the cooperative Council, shifting from doing things **to** its communities to doing things **with** its communities. At the heart of this is an objective that, as far as possible, services should be delivered through employee or community owned and/or controlled entities, rather than by the council itself (see *The Co-operative Council Sharing power: A new settlement between citizens and the state*, the report of the Cooperative Council Citizens' Commission).

This is just one of a number of examples of initiatives which are looking to reinvent the way in which communities are governed ranging from participatory budgeting, to the exercise of community governance through a network of community owned branches of an Australian commercial bank.

Perhaps more critical from the perspective of the urban sustainability is how we hold the necessary discussions required to achieve community buy-in to the behavioural changes needed in order to deliver the environmental outcomes we now seek. To do so is crucial for the future of our cities, but we lack the means.

Most recent metropolitan restructurings assume that the critical issue to resolve is how to take decisions at the regional level. Little thought has been given to the separate question of how to secure the necessary buy-in at the community, neighbourhood and individual level required if we are to achieve the significant changes in behaviour needed to implement the policies we now regard as essential. The Toronto and Ottawa restructurings rely on ward based councillors as the main contact between the council and the citizen - with Representation ratios (number of citizens per councillor) in the order of 40,000, 50,000:1. The Auckland restructuring has a representation ratio at the level of the Council itself of approximately 70,000:1. Local boards have been advanced as the local democratic element in the mix, but they have very limited resources, and a representation ratio of 10,000:1. To put this in context, it is common in continental Europe for the representation ratio to be less than 1000:1.

The discussion at page 5 above of research into public attitudes to the use of recycled wastewater is simply one example of a significant pro-environment initiative which will not proceed without widespread public understanding and acceptance. It is a typical if somewhat extreme illustration of the kind of policy which can only be implemented through engagement rather than persuasion, and which requires a genuine partnership with the community.

The challenges facing Auckland provide further illustrations of the same issue. The CCO responsible for all bulk water and wastewater across the region (other than one minor exception) is statutorily required to set its pricing at the lowest level consistent with being able to maintain renew and extend its network. This provision is a clear response to public concern that water should be as cheap as possible. There is little understanding of the environmental or economic implications. Ironically, the CCO is also statutorily required to implement demand management policies - and by far the most effective policy for this purpose is pricing.

Possibly the single largest issue facing the Auckland Council, certainly in expenditure terms, is the continuing development of transport infrastructure including roading and public transport. The number and scale of projects which the Council is currently contemplating appears well beyond the ability of the council and central government combined to fund given current approaches to the pricing of transport services. There is a real possibility of continuing gridlock, and an ongoing preference for the use of private vehicles rather than public transport.

Theoretically the obvious answer is to use a range of pricing tools including 24/7 road pricing and possibly a New Zealand version of the French Versement Transport, a regional payroll tax used as one of the principal funding mechanisms for public passenger transport.

Auckland, in common with many metropolitan centres, lacks the 'soft infrastructure' required to have the ongoing community conversation. To do so needs strong local or neighbourhood government - structures within which people meet and interact informally, and which can provide the framework for the oldest discussions we need to have, rather than the silo-based discussions around particular taxes in isolation from the overall community impact.



This is about more than simply putting in place structures at a local level. It is about passing over responsibility so that the ordinary citizen genuinely understands that she or he has a central role to play in helping take the decisions which will shape the future both of the local neighbourhood, and of the metropolis itself. It requires a significant change in the behaviour of politicians at the Metropolitan level (and in higher tiers of government) including a shift in understanding of the timeliness of decision-making. There is a need to realise the real nature of the trade off between taking decisions quickly, and taking decisions through a process which builds a constituency for implementation.

Establishing effective local or neighbourhood governance, which can be the locus for the conversations we need to have, is almost certainly the elephant in the room of metropolitan governance. No one wishes to recognise it, but unless we do, the ability of metropolitan governments to make and implement the decisions we need will be severely compromised. This is truly the major challenge ahead of us in developing good governance at the city level.

### **Concluding comment**

To develop good governance at the city level necessarily requires an understanding of what is meant by good governance. This paper argues that the critical test of good governance is the ability to take and implement decisions about the community's desired future.

It's a combination of capacity and capability on the one hand and legitimacy on the other.

Much recent activity in restructuring metropolitan governance has focused too much on capacity and capability, and not enough on legitimacy. Possessing the technical and organisational skills required to develop complex solutions modern cities need in order to be sustainable is only half the task. The other half is possessing the skills and culture of collaboration and engagement required to ensure the communities which finally grant the 'licence to operate' which all democratically-based institutions ultimately require are prepared to accept solutions which will deliver the desired outcomes.

The need is for a major shift in understanding, and in empowerment. The requirement is strong community governance to serve as a basis for collaboration and partnership in the development and implementation of those solutions. This is a different approach to policy making. It starts by recognising that local government's communities must be part of the process of defining the problem, not just responding to local government's definition and crucially the community must take ownership both of the problem and of the preferred solution.

There is a useful analogy with the great circle route which airlines fly between Europe and North America. The straight line is not the shortest distance. In the same way, the administratively neat decision-making process, is not the quickest way to a shared and legitimate agreement on the measures we must take to ensure urban sustainability.

## **APPENDIX I - MAYORAL POWERS**

### **Extract from Local Government (Auckland Council) Act 2009, Section 9**

#### **9 Mayor of Auckland**

- (1) The role of the mayor is to—
- (a) articulate and promote a vision for Auckland; and
  - (b) provide leadership for the purpose of achieving objectives that will contribute to that vision.
- (2) Without limiting subsection (1), it is the role of the mayor to—
- (a) lead the development of Council plans (including the LTP and the annual plan), policies, and budgets for consideration by the governing body; and
  - (b) ensure there is effective engagement between the Auckland Council and the people of Auckland, including those too young to vote.
- (3) For the purposes of subsections (1) and (2), the mayor has the following powers:
- (a) to establish processes and mechanisms for the Auckland Council to engage with the people of Auckland, whether generally or particularly (for example, the people of a cultural, ethnic, geographic, or other community of interest):
  - (b) to appoint the deputy mayor:
  - (c) to establish committees of the governing body:
  - (d) to appoint the chairperson of each committee of the governing body and, for that purpose, the mayor—
    - (i) may make the appointment before the other members of the committee are determined; and
    - (ii) may appoint himself or herself:
  - (e) to establish and maintain an appropriately staffed office of the mayor.
- (4) The mayor must exercise the power in subsection (3)(e)—
- (a) in consultation with, and acting through, the Council's chief executive; and
  - (b) within the budget in the annual plan adopted for that particular expenditure (being an amount not less than 0.2% of the Council's total budgeted operating expenditure for that year).
- (5) The mayor must not delegate any of his or her powers under subsection (3).
- (6) The mayor is a member of each committee of the governing body.

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