

Modernising Metropolitan Governance

Toward an Australian set of leading practice urban governance principles

"...cities will face growing social exclusion and increasing financial pressure in a more complex, fragmented institutional environment.

"Cities will need to be more creative, more institutionally innovative...the challenge of devising effective models of governance will become increasingly urgent."

Michael Parkinson "Developing Competitive and Cohesive European Cities", European Institute for Public Affairs, 2002

The early 1990s witnessed a revival of programs that aimed to improve competitiveness and social opportunity in cities.

A decade later, many policy makers concluded that urban strategies often failed in the face of outmoded governance arrangements.

Causes of Urban Governance Failure

The 2001 OECD report *Cities for Citizens: Improving Governance in Metropolitan Areas*, identified three main failures of urban governance:

- the fragmentation of administrative jurisdictions within metro areas;
- the financial/fiscal strain faced by local authorities at a time when major investment in infrastructure is required; and
- the absence of transparent, accountable decision-making frameworks at the local level.

The OECD encouraged its members to develop governance models that addressed these shortcomings.

Modern Governance Principles

More recently, the United Nations¹ identified seven principles of leading practice urban governance:

¹ *Global Campaign on Urban Governance* (Concept Paper), UN-HABITAT (2002)

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- **sustainability** in all dimensions of urban development;
- **subsidiarity** of authority and resources to the appropriate level;
- **equity** of access to decision-making processes and the basic necessities of urban life;
- **efficiency** in the delivery of public services and in promoting local economic development;
- **transparency and accountability** of decision makers and all stakeholders;
- **civic engagement and citizenship**; and,
- **security** of individuals and their living environment

These principles were employed to develop a performance measure called the "urban governance index".

There are many other menus of urban governance principles, all of which cover similar territory.

Metropolitan Governance Principles for Australia

To kick start an Australian debate the following metropolitan governance principles are proposed:

1. **Commit to strategic sustainability** that aims to maximise multiple economic, social, ecological and governance dividends.
2. **Increased competitiveness** based on long-term investments in social development and economic infrastructure.
3. **Place-shaping** that increases local choice, diversity and opportunity within broader regional/national contexts.
4. **Greater transparency, accountability and probity** that enhances trust in metropolitan government.
5. **Greater fiscal capacity** to capitalise city services and investment programs adequately, while minimising deadweight taxes/charges.
6. **Improved equity and access to opportunity** across the community.
7. **Greater subsidiarity, participation and civic engagement** that refreshes civic mandates.
8. **Greater efficiency, coordination and integration** of public service delivery.

9. **A commitment to innovation and inspiring leadership** that continuously improves city governments' capacity to meet evolving community needs.
10. **Rational and coherent spatial boundaries** that establish a logical nexus between the responsibilities of city government and the communities they serve.

Modernising Metropolitan Governance – Recommendation:

Adopt the Property Council's proposed Metropolitan Governance Principles and work through COAG to secure commitment to them by state, territory, and local governments.

Sources:

Modernising Metropolitan Governance: Toward an Australian set of leading practice urban governance principles, Version 2.0, Property Council of Australia (December, 2008)

Developing Competitive and Cohesive European Cities", Michael Parkinson European Institute for Public Affairs (2002)

Cities for Citizens: Improving Governance in Metropolitan Areas, Organisation for Economic Co-operation and Development (2001)

Global Campaign on Urban Governance (Concept Paper), UN-HABITAT (2002)

Cities Strategy, Version 3.0 Property Council of Australia (October, 2008) (See Appendix 2)

CITIES STRATEGY

Version 3.0: October 2008

