Are You Serious?

The tenuous governance of metro Sydney

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Australia’s governance

- Federation of 6 States, plus two mostly autonomous territories
- Federal (‘Commonwealth’) government dominates all key areas of public policy (when it chooses):
  - Collects 80% of total taxation
  - Determines immigration intake
- States/Territories carry key expenditure responsibilities:
  - Infrastructure, health, education, police, environment etc
  - But lack taxing powers and depend heavily on federal transfers
- Local government plays a minor role:
  - Creature of States, not even mentioned in federal constitution
  - But direct funding and program links to federal government
  - 3-4% of tax revenues, 5% public expenditure
  - Limited to property tax, but largely self-funding (unlike States)
- Governments (including Local) collaborate (at times) voluntarily through the Council of Australian Governments
Sydney basics

- Australia's population is now about 25m – the level previously forecast for mid-century
- Sydney remains the largest city with 5.1 million
  - Growing at 2% pa (102,000 in 2016-17)
  - Overseas migration easily the biggest driver (more than double natural increase in 2016-17)
- Massive shift in housing types
  - High-medium density boom reflects land shortage, lifestyle choices, inner-city affluence, unaffordable ‘traditional’ suburbia
- Employment and environment are still pretty good overall
  - But increasing social divisions and spatial inequality
- Is the growth rate sustainable?
  - Federal policy favours high immigration to drive GDP growth
The Haves and Have (Quite a Lot) Less
‘Effective Job Density’
Same-sex marriage survey

[Map showing the results of a same-sex marriage survey with various regions and percentages.]

Chifley: 58.7% No
Mitchell: 50.9% No
Greenway: 53.6% No
Parramatta: 61.6% No
McMahon: 64.9% No
Fowler: 63.7% No
Bennelong: 50.2% No
Reid: 52.7% Yes
Watson: 69.6% No
Barton: 56.4% No
Banks: 55.1% No
Kingsford Smith: 64.1% Yes
Bradfield: 60.6% Yes
Warringah: 75% Yes
North Sydney: 71.8% Yes
Wentworth: 80.8% Yes
Sydney: 83.7% Yes

ABS, AEC 2017 | Esri, HERE, Garmin, NGA, USGS
Sydney’s metropolitan governance

- Dominated by the State (‘the Australian model’)
  - Directly manages all key areas of policy and major services
  - *Except* airports, telecommunications, immigration
  - *And* subject to federal financial support/interventions (rare)

- Positives:
  - Potential to take a broad strategic view and integrate
  - Financial capacity for major services and infrastructure

- Negatives:
  - Too much power – lack of dialogue
  - Heavy focus on property development (tax, land sales, donors)
  - Constant distractions (rest of the State, health, education etc)
  - Bureaucratic silos and competing ministries
  - Reluctance to establish a powerful coordinating ministry/agency
  - Limited understanding of local communities, places
  - Local government reduced to a troublesome advocate
Local government

- Subordinate to centralist State, limited functions and tax base:
  - But significant resources and capacity, often under-unused
  - Scope for major additional revenue if property tax is reformed
- Disparate and fragmented:
  - 34 municipalities; populations range from 15,000 to 400,000
  - Patchy sub-regional collaboration; no metro-wide organisation or dominant central city (unlike Brisbane)
  - Not much ‘world city’ thinking beyond the City Council boundary
- 2015-16 rationalisation aborted:
  - Demonstrably party-political
  - Controversy and legal challenges (process failure)
  - 2013 review had suggested 43 to 17; State aimed for 25; outcome is 34
- Poor State-local relations:
  - No meaningful policy coordination or consultative forum
  - 2013 inter-government agreement abandoned
  - Restrictions on rates (property tax) and developer payments
Sydney 34 Municipalities
Greater Sydney Commission

- Established in 2015 to (amongst other things):
  - ‘Lead’ metropolitan planning and prepare draft strategic plans
  - ‘Promote’ orderly, sustainable development and ‘alignment’ with ‘Government infrastructure decision-making’
  - Advise/make recommendations to the Minister (for Planning)
  - Assist local councils (which MUST cooperate if asked)

- Membership:
  - 4 Greater Sydney Commissioners (including Chair)
  - 5 District Commissioners
  - Heads of Planning, Transport, Treasury (plus Health and Education sit on Infrastructure Committee)
  - But NO representatives of local government as such (even City of Sydney!)

- Is it really anything more than a land use planning agency?
So What’s Happening?
Projectitis

- Infrastructure backlogs are real and demand action
- State is awash with cash from property boom (stamp duty, land tax)
- Politicians see popular projects, photo ops and ‘easy’ answers to complex issues
- Interest groups/agencies see dreams coming true
- Private sector sees profit potential, especially toll roads, construction work (PPPs)
- Value capture for future funding?
The dream
The reality

- Questionable business cases, cost blowouts, delays, eg:
  - Light rail budget $1.6bn to $2.1bn to $3bn+
  - Will not be completed before State election in 2019
- Mounting community opposition and scepticism:
  - Unwarranted disruption, environmental impacts?
  - Money better spent on schools, hospitals etc?
  - Really a fair share for Western Sydney?
Planning or dangerous ‘spin’?

- GSC has produced:
  
  “A Metropolis of Three Cities - The Greater Sydney Region Plan will re-balance growth and deliver its benefits more equally and equitably to residents across Greater Sydney. (It was) prepared concurrently with Future Transport 2056 and the State Infrastructure Strategy, aligning land use, transport and infrastructure planning to reshape Greater Sydney as three unique but connected cities.”

- But note:
  
  - Shelf-life of previous metro plans was 5-10 years at best
  - The latest effort is really three quite separate strategies, and the ‘Region Plan’ does not appear on the State’s home page
  - There are two other powerful agencies handling major ‘urban transformation’ projects (that will make profits)
  - *Funded* transport investments are overwhelmingly in the eastern half of the metro – and will re-shape socio-economic geography
  - Three ‘unique’ cities may well entrench social divides
Western Sydney ‘City Deal’

- ‘Selling’ the second airport
- Federal initiative loosely based on UK model, but without devolution
- Announced March 2018
- 20-year Federal-State agreement
- Little detail except:
  - Airport and ‘Aerotropolis’ Stage 1 rail link (timing?)
  - Road upgrades, fast buses
  - $150m for local facilities
- Implementation Plan plus ‘City Deal Implementation Board’ by end 2018
- Marginal role to date for GSC
- Local government involvement unclear
City Deal and GSC disrupt local government’s longstanding sub-regional groupings.
And What’s Next?
Renewed calls for governance reform

- Recent papers by the Western Sydney Leadership Dialogue and Committee for Sydney
- Better framework essential to implement strategies:
  - ‘New Deal’ (with feds) on metro governance and infrastructure
  - Tackle ‘fractured governance’
  - Increase revenues (value capture, levies, user charges etc)
- Key issues for attention:
  - Realistic, equitable planning
  - Strengthen role and coordination powers of GSC
  - Sustained focus on Western Sydney
  - City Deal to engage other affected councils and private sector
  - Address power imbalance between levels of government
  - Semi-executive, full-time mayors and further mergers or mandatory collaboration to boost local government capacity
  - More attention to engaging local communities
Responding to the challenge

- Sydney is reaching the limits of ‘muddling through’:
  - Big spending cannot last but meanwhile it obscures the complex socio-economic dynamic and emerging problems
  - Current governance/funding frameworks are plainly deficient
  - The ball is firmly in the State’s court
  - ‘Brisbane’ or ‘London’ models are firmly off the table

- Region Plan and City Deal must be revisited:
  - ‘Parkland City’ and ‘Aerotropolis’ are just (well meaning?) spin
  - Failure to tackle the reality of an ‘organic’ metropolis (eg the impact of transport projects; the increasingly dominant role of Parramatta in Western Sydney)
  - Local detail and implications are largely ignored (‘District’ plans are almost equally vague)
  - At present, no guarantee of funding beyond the early 2020s
  - No ideas on governance or social/spatial equity
Sooner or later State and local government have to find a way of working together and really pooling resources:
- State must reform itself to focus coherently, consistently and honestly on metro issues – GSC is clearly not enough
- Perhaps a Minister (or appointed regional Mayor) for Sydney and a stronger GSC (revamped as an institution of governance)
- Reform of property tax and value capture could be game-changers, as could federal influence (a long shot)

Further local government reform is an essential element:
- Power imbalance cannot be addressed otherwise
- Fragmentation and diversity are untenable = some mergers
- Effective (mandatory?) sub-regional and regional collaboration (linked to representation on revamped GSC)
- New participatory/democratic structures at community level