



# Problems and Prospects of Metropolitan Governance in Sydney : Towards 'Old' or 'New' Regionalism?

**Author/Contributor:**

Kubler, D

**Publication details:**

City Futures Research Centre Research Paper No. 2  
1740440315 (ISBN)

**Publication Date:**

2005

**DOI:**

<https://doi.org/10.26190/unsworks/576>

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\***CITYFUTUREs**

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Daniel KÜBLER

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City Futures Research Centre  
Research Paper No.2  
December 2005

ISBN 1 74044 031 5.

City Futures Research Centre  
Faculty of the Built Environment  
University of New South Wales  
Kensington, NSW 2052

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National Library of Australia

Cataloguing-in-Publication data:

Kübler, Daniel.

Problems and prospects of metropolitan governance in Sydney :  
towards old or new regionalism?

Bibliography.

ISBN 1 74044 031 5.

1. Metropolitan government - New South Wales. 2. Sydney (N.  
S.W.) - Politics and government. 3. Sydney (N.S.W.) -  
Administrative and political divisions. I. University of  
New South Wales. City Futures Research Centre. II. Title.

320.85099441

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## **THE AUTHOR**

Daniel Kübler is an Assistant Professor, Centre for Comparative and International Studies, Department of Political Science, University of Zurich.

Visiting Research Fellow to the City Futures Research Centre, Faculty of the Built Environment, University of New South Wales, between December 2004 and April 2005.

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## ABSTRACT

The organisation of governance in metropolitan areas is one of the most debated topics in urban social science. This long-running debate has long been dominated by the dispute between two intellectual traditions: the metropolitan reform tradition advocating institutional consolidation, and the public choice approach making the case for fragmentation and local autonomy. Since the 1990s, a new perspective has emerged – the so-called ‘new regionalism’ – emphasizing the role of network-based schemes of cooperation for area-wide governance. It echoes a conceptual shift in thinking about the ways in which the state could and should steer society, emphasizing governance through negotiation, rather than through hierarchy or market.

Drawing on this conceptual background, this paper discusses the problems and prospects of area-wide governance in the metropolitan area of Sydney. The arguments will be developed in three sections. The first section is dedicated to the theoretical background of the debate on metropolitan governance, and develops the conceptual framework for the subsequent analysis of metropolitan governance problems in Sydney. This will follow, in the second section, with an overview of the key characteristics of the intergovernmental relations, as well as of the institutional setting that frames metropolitan governance in Australia in general, and in Sydney in particular. The third section presents results of my own research focusing on the process of elaborating the latest Metropolitan Strategy in Sydney. I will argue that the chances of achieving strong metropolitan governance capacity in the Sydney area are extremely weak under current conditions, due to a) strong intergovernmental tensions, b) high geopolitical fragmentation, and c) conceptual incoherence in the elaboration process of the Metropolitan Strategy. We discuss two possible routes towards strengthening metropolitan governance capacity: one ‘old regionalist’ and one ‘new regionalist’. It is concluded that, as the ‘old regionalist’ solution (e.g. the creation of a Greater Sydney Authority) is very unlikely to be realised, the ‘new regionalist’ solution should be pursued, the goal being to make the existing system of joint decision making more effective rather than trying to replace it.

# INTRODUCTION<sup>1</sup>

Looking at urbanisation trends in the last 50 years, it has become clear that the classical (weberian) concept of ‘cities’ as territorially integrated socio-economic and political entities is definitely out of date. The 21<sup>st</sup> century’s cities are *metropolitan areas*, developing along flows rather than places (Castells 2000). They are characterised by (1) *urban sprawl*, which has broken up the historic boundaries of the city, extending on the surrounding rural space by waves of suburbanisation; (2) *functional specialisation of space* which has intensified social segregation, i.e. homogeneity of luxury residential areas, distressed neighbourhoods, single purpose zones etc. has grown simultaneously; (3) *spatial mobility of persons and goods*, which has become the urban system’s lifeblood of economic production and social reproduction; (4) *cosmopolitan localism*, which has become the frame of reference for urban politics and culture, where global endowments are considered necessary to international competitiveness, but must be rooted in local culture in order to be socially and politically acceptable.<sup>2</sup>

Although it clearly is the forces of capitalism that drive the emergence and the development of metropolitan areas, public policies still play an important role. On the one hand, high-performance public infrastructure is crucial to the competitiveness of a metropolitan area (e.g. transportation and communication networks, education and research, etc.). On the other hand, as spatially concentrated expressions of modern capitalism and its contradictions, metropolitan areas also entail the drawbacks of growth, and most of them can only be addressed by state action (e.g. pollution, social distress, etc.). There is thus reason to argue that the future of metropolitan areas strongly depends on public governance capacity in order to channel economic development and, particularly, to equilibrate competitiveness with social cohesion and liveability at the metropolitan level (OECD 2001). It is no wonder, thus, that the question of ‘metropolitan governance’<sup>3</sup> is currently on top of the agenda in many OECD countries. Following Norris (2001b: 535), we can define it as the question of how “governments, corporate actors and residents in a defined metropolitan area can be associated for the purpose of controlling or regulating the behaviour within and performing functions or providing services for the overall area”. Even if such a broad definition of what metropolitan governance is about could be agreed upon by most specialists, the best ways to actually achieve such governance are subject to a long-running debate. As we will argue below, recent developments in this debate suggest that there is no simple one-fits-all recipe to achieve metropolitan governance capacity. Rather, area-wide governance can be considered to flow from a set of factors that frame the behaviour of actors who are crucial to area-wide policies.

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<sup>1</sup> This paper was written as part of a research project supported by the Swiss National Science Foundation (post-doctoral fellowship grant no. 8210-67632) and the University of Zurich, allowing the author to spend five months as a visiting researcher at the AHURI Research Centre (later: City Futures Research Centre), Faculty of the Built Environment, University of New South Wales, from December 2004 to April 2005. I would like to acknowledge these various organisations for their support. I also want to thank Bill Randolph for his support and for helpful conceptual inputs, Darren Holloway for precious help in handling ABS Census Data, as well as Laura Simpson and Dominique Murray for their moral support. Thanks also to Ray Bunker and Patrick Troy for valuable insights into Australian urban governance, as well as to the persons from various organisations who had the patience to answer my questions about metropolitan governance during an interview. I am particularly grateful to Alex Gooding for his detailed and thorough comments on an earlier draft.

<sup>2</sup> This list is drawn from Bassand & Kübler (Bassand and Kübler 2001: 122) and inspired by reflections made by authors such as Sassen (1991), Choay (1994), Ascher (1995), Castells (2000).

<sup>3</sup> This term is often used synonymously to regional governance or regionalism (Norris 2001a).



This is the general background on which this paper draws to discuss the question of metropolitan governance in the case of Sydney. Undoubtedly, Sydney, as Australia's largest urban region and its only "world city" (Connell 2000) features the key characteristics of a 21<sup>st</sup> century metropolitan area. And scientific, as well as current public debate on the difficulties of area-wide planning in Sydney suggests that metropolitan governance, as defined above, is far from being achieved.<sup>4</sup> Our arguments will be developed in three sections. The first section is dedicated to the theoretical background of the debate on metropolitan governance, which outlines the conceptual framework for the subsequent discussion of metropolitan governance in Sydney. This will follow, in the second section, with an overview of the intergovernmental relations, as well as of the key characteristics of the institutional setting, that provide the contextual framework for metropolitan governance in Australia in general, and in Sydney in particular. In the third section, I will present results of our own research, examining questions related to achieving area-wide governance as revealed by the elaboration of the latest Metropolitan Strategy for Sydney. We will argue that the chances of achieving metropolitan governance are slim under current conditions. Two possible routes towards strengthening metropolitan governance capacity are explored: one 'old regionalist' and one 'new regionalist'. It is concluded that, as the 'old regionalist' solution (e.g. the creation of a Greater Sydney Authority) is very unlikely to be realised, the 'new regionalist' solution should be pursued, the goal being to make the existing system of joint decision making more effective rather than to try to replace it.

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<sup>4</sup> See for example Spearrit and De Marco (1988), McGuirk (2002)

# 1. METROPOLITAN GOVERNANCE: A REVIEW OF ARGUMENTS

Governance, in its broadest sense, is about steering society. This means it is basically about producing coordinated behaviour among societal actors, which will eventually lead to the production of public goods, and to society as a whole following a certain path of development. In classical political and administrative science, there are two main – but conflicting – views on the ways and means through which such coordinated behaviour can best be achieved. The first view is based on Max Weber's model of the rational bureaucracy, where coordination relies on a hierarchically structured division of labour, where the top level edicts directives to which actors further down the pyramid have to comply. By extension, this model of '*coordination through hierarchy*' is also the rationale behind regulatory activity of the state, i.e. where social actors' compliance is sought through the threat of penal sanctions. In contrast to that, the second view is informed by neo-classical economics, telling us that coordinated behaviour can also result from market mechanisms, where the 'invisible hand' will see to match the behaviour of suppliers and consumers of certain goods, while additionally favouring efficiency in the use of production resources. Consequently, tenants of this model of '*coordination through markets*' tend to argue that market mechanisms, under certain conditions, can and should also be relied upon for the production of public goods. The opposition between these two conflicting models of how governance is best achieved informed much of the debate on the role of the state and the principles of public administration in the Western World from the 1970s onwards.

Drawing on empirical research on policy making and public administration in multi-level institutional settings in Europe from the mid 1990s, several scholars have argued that there is a third way of conceptualising coordinated behaviour, namely as a result of negotiation processes (see Scharpf 1997). This third model of '*coordination through negotiation*', allegedly better adapted to real-world situations, acknowledges the fact that coordinated behaviour more often flows from consent and cooperation, rather than from hierarchical constraints or market-based competition. The emergence of this third conceptual model of governance can also be linked to the debate on the transformation of public policy making 'from government to governance' as some have put it (see Kooiman 1993; Le Galès 1995; Rhodes 1996; Stoker 1998). Informed by neo-corporatist analyses (see Schmitter and Lehbruch 1979) as well as by the policy-network approach (see Marin and Mayntz 1991), this debate emphasises the growing importance of functional interest intermediation between market and hierarchy, in comparison to territorial interest intermediation based on territorially defined systems of representation and parliamentary decision-making. It also emphasises that a weak state on the one hand and the growing importance of policy networks and strong societal actors on the other are expressions of societal modernisation, resulting from the increased complexity of modern societies (Mayntz 1993: 41).

## 1.1 The debate on metropolitan governance: three waves of arguments

The scholarly debate on the organisation of governance in metropolitan areas goes back to the acceleration of urban sprawl in the late 19<sup>th</sup> and early 20<sup>th</sup> century. Since the onset of suburbanisation, cities have continued to sprawl, while reforms of the institutional map of local government lagged far behind. In most OECD countries today, this resulted in an ever growing divergence between the functional urban space

and the institutional territories by whom this space is to be governed. The question of whether or not, the considerable *governmental fragmentation* (Dente 1990) of many metropolitan areas is a problem for metropolitan governance and, if so, how this problem should be tackled, has sparked a long-running debate. Mirroring the three different conceptions of governance referred to above, this debate has coined three different intellectual traditions (see Frisken and Norris 2001; Swanstrom 2001; Kübler 2003).

The older, so-called '*metropolitan reform tradition*' views the existence of a large number of independent jurisdictions within a metropolitan area as the main obstacle to efficient and equitable area-wide governance.<sup>5</sup> Based on this perspective and with good trust in the rationality and planning capacity of large public bureaucracies, metropolitan reformers have advocated governmental consolidation, whereby institutional boundaries would be brought to match the territorial scale of the economic and social development of metropolitan areas. Consolidation, they argue, should be achieved either through annexation of suburbs by centre-cities, or by the creation of metropolitan governments, i.e. two-tier institutions with extensive competencies and autonomy, whose territorial scope covers the functional metropolitan area as a whole.

The *public choice perspective* on metropolitan governance, developing from the mid-1950s onwards, criticises this view and rejects the idea of institutional consolidation as a way to resolve metropolitan problems.<sup>6</sup> It holds that, far from being pathological, the institutional fragmentation of metropolitan areas into a multitude of autonomous local jurisdictions is beneficial for effective and efficient metropolitan service delivery. Drawing on Tiebout's (1956) classic idea of 'voting with one's feet', public choice scholars argue that the existence of a range of autonomous local constituencies produces a market-like situation, where citizens can choose the jurisdiction with the tax/service package that corresponds best to their personal preferences. At the aggregate level, they argue, the competition between local governments to attract residents leads not only to effective matching of area-wide service demands, but also to efficiency in the allocation of public resources used to produce these services.

Over the second half of the 20<sup>th</sup> century, the debate on metropolitan governance was largely dominated by the dispute between these two schools of thought. It has resulted not only in an impressive amount of empirical research, but has also informed political discussion over metropolitan government reforms in many OECD countries.<sup>7</sup> However, either schools of thought appear to provide only limited guidance for answering the question of which way – consolidation or fragmentation – is better to achieve metropolitan governance today. As Lowery (1999) notes, for each research report supportive of one approach, there seems to be a counter-report published by the tenants of the other approach. In the end, it seems that the question as to whether 'big is efficient' or 'small is beautiful' cannot be decided on the basis of empirical evidence, because no compelling evidence for either position could be brought forward so far (Keating 1995).

Aiming to pull out of this intellectual dead-end, a new perspective on metropolitan governance has been formulated from the 1990s onwards, drawing on empirical

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<sup>5</sup> The literature produced in this tradition is huge. Significant works are Studenski (1930), Wood (1958), Committee on Economic Development (1970).

<sup>6</sup> The most influential writings in this tradition were Tiebout (1956), Ostrom et al. (1961), Bish (1971).

<sup>7</sup> For an overview of reform projects and a review of scholarly work pertaining to these two schools of thought, see Ostrom (1972), Dente (1990), Lefèvre (1998), Lowery (1999).

research into the ways in which area-wide policies take place in metropolitan areas in North-America (See Downs 1994; Rusk 1995) as well as Western European (see Van den Berg et al. 1993; Benz 2001). This research basically found that, in the overwhelming majority of cases, metropolitan problems are addressed through purpose-oriented networks of co-operation, involving municipalities, governmental agencies from various levels, as well as private service providers. Such networks usually fall short of institutional consolidation advocated by metropolitan reformers. Labelled '*new regionalism*' by some North-American writers (see Savitch and Vogel 2000; Frisken and Norris 2001), this new perspective conveys the notion that effective metropolitan governance does not necessarily require institutional consolidation. Instead, it argues that area-wide governance is achieved through co-operative arrangements, based on negotiation processes between policy relevant actors. These networks are usually heterogeneous conglomerates of actors and agencies with various backgrounds and competencies who define and deliver area-wide services in a way that is independent from the institutional territorial boundaries. New regionalism is not focused on institutional structures or on the behaviour of autonomous localities, but rather on re-harnessing relations between various public agencies and private actors at different territorial levels for the purpose of area-wide governance. New regionalism thus focuses on the emergence of metropolitan governance as a result of negotiation processes between a variety of policy-relevant actors, rather than through hierarchy or competition.

## **1.2 Building metropolitan governance capacity under 'new regionalism': three factors**

'New regionalism' not only provides a renewed perspective of what metropolitan governance actually is about. It also requires a renewed way of thinking about how to increase such area-wide governance capacity. The two traditional schools of thought provided simple recipes: whereas the metropolitan reformers suggested territorial reforms and institutional consolidation, the public choice theorists argued that local autonomy should be strengthened. With new regionalism, things are a bit more complicated. Put briefly, new regionalist thinking emphasises governance building through a collaborative, non-hierarchical process that involves participants from both the public and the private sectors who are committed to shared leadership in metropolitan problem solving (Hamilton 2002: 404-5). Yet, this doesn't say much about the factors that are crucial for such a process to be successful. What, then, is the key to success for building strong metropolitan governance according to the new regionalist framework?

As Scharpf has argued, the greatest obstacle to achieving coordinated behaviour through negotiation is what he calls the "joint decision trap" (Scharpf 1988). This is a situation where defenders of the status quo block all changes due to a *de facto* unanimity rule, which precisely results from the absence of hierarchy. Corollarily, the success of negotiation processes to produce coordinated behaviour lies in the ability to *avoid* this joint decision trap. This is also true for new regionalist modes of metropolitan governance building. Drawing upon this idea, we have identified three elements that are crucial to avoiding the joint decision trap in the negotiations over area-wide policy, and which can therefore be considered as key factors for building metropolitan governance capacity in any given metropolitan area (Kübler 2003; Heinelt and Kübler 2005: 190-192):

1. *Positive attitudes towards and cooperative behaviour within the negotiation process*: Stakeholders in the negotiation process need to be convinced of the value of its ends, i.e. they must share a belief that there is something to be gained from improved area-wide governance and that the negotiation process will be a means to eventually achieve such governance. This is important to prevent defective behaviour of actors in the negotiation process. Much more than hierarchy or market, coordination through negotiation relies on trust and mutual respect among stakeholders.
2. *Adequate incentive structures set by higher level institutions*: Although generally not directly involved, supra-local institutions (such as the National State or, in European cases, the European Union) play an important part in that they can set selective incentives for local actors to engage in efforts for improving governance in a given metropolitan area. These can be positive incentives such as grants, financial subsidies, increased competencies etc. given to local actors under the condition that they get involved in processes to build area-wide governance. It can also be negative incentives such as the “shadow of hierarchy” (Scharpf 1992), that is the threat of a solution imposed by higher levels of government if local actors prove unable to find a solution themselves.
3. *Strong political leadership*: Strong visions put forward by political leaders can be an important motivation for stakeholders to invest time and energy in the process of improving metropolitan governance. Successful leadership (by a single person or a group) can foster the emergence of area-wide coalitions, stimulate cooperation and facilitate consensus among stakeholders, on the basis of a common understanding over the desirable – and desired – path of development in a given metropolitan area.

With such a conceptualisation, where metropolitan governance is seen to depend mainly on adequate actor behaviour, incentive structures and political leadership as the critical ingredients, new regionalist thinking acknowledges that paths towards such governance may include very different combinations of these three factors and therefore vary greatly across metropolitan areas. Unlike the two classic schools of thought, it is not assumed that there is only one best way to achieve such governance. Le Galès (1998) has argued that, under the conditions of ‘new regionalism’, a single model of governance can not be advocated, as the probability of area-wide governance capacity to come about is determined by the dynamics of place, i.e. by the locally specific combination and combinability between actor behaviour, incentive structures and political leadership at the metropolitan level. Hence, routes towards achieving metropolitan governance can be very different, as they are shaped by existing prerequisites on the three critical dimensions that may vary strongly not only across countries, but also across single metropolitan areas.

\* \* \*

In the remainder of this paper, we will follow this general conceptual framework to examine the prospects for metropolitan governance in Sydney. This entails, first of all, an analysis of the contextual setting, i.e. of the institutional structure and the intergovernmental relations, in order to identify the actors who are relevant for area-wide governance in the Sydney metropolitan area. We will then move on to analyse the state of the above identified critical ingredients for metropolitan governance (actors’ attitudes and behaviour, incentive structures, political leadership), on the example of the formulation process for the Metropolitan Strategy, a tool which should

provide guidance for managing the development of the Greater Metropolitan Region of Sydney over the next 30 years.

## 2. THE SYDNEY METROPOLITAN AREA IN CONTEXT

### 2.1 Metropolitan areas

In Australia, the concept of metropolitan areas<sup>8</sup> is operationalised by the Capital City Statistical Division (SD) category, as defined by the Australian Standard Geographical Classification (ASGC), used for the geographical interpretation of population census data (ABS 2004). Although the exact definition of the Capital City SDs differs slightly across the Australian States and Territories, it represents “the city in a wider sense” (ABS 2004: 14) and is delineated on the basis of consultation with planners in order to contain the anticipated area of development of each State’s or Territory’s main urban region for a longer period. Hence, when we speak of metropolitan areas in Australia in the remainder of this paper, we refer to the Capital City Statistical Divisions.<sup>9</sup>

To observers from Europe, the large proportion of the Australian population living in urban areas – and especially so in the capital cities – has always seemed extraordinary. As Forster (2004: 2) notes, urban demographic growth in Australia has happened “the other way round”. Whereas in Europe, urbanisation involved the movement of people from the countryside into the cities in the wake of industrialisation, colonisation in Australia began with the first coastal cities from where people moved out into the rural areas later on. From the outset, Australia’s cities have had a commercial and mercantile character, rather than an industrial one. As administrative centres and ports for import and export, Australia’s cities have always been at the centre of economic, social and cultural life. Hence, ‘metropolitan primacy’ has been a constant in Australian urban history since the colonial times. Population growth has primarily taken place in the five major metropolitan areas of Sydney, Melbourne, Brisbane, Adelaide and Perth, where nearly two thirds of the overall population live nowadays ( Table 1).

**Table 1 :** Overall population (Capital City SD)

	Overall population (inhabitants)		
	1981	1991	2001
Sydney	3,204,697	3,518,773	3,948,015
Melbourne	2,725,263	3,013,751	3,339,269
Brisbane	1,039,445	1,290,743	1,553,825
Perth	898,978	1,137,582	1,325,392
Adelaide	944,479	1,032,949	1,080,611
<i>Australia</i>	14,576,544	16,850,334	18,972,350

Source: ABS Census Data

<sup>8</sup> The expression ‘metropolitan area’ draws on the concept of Metropolitan Statistical Area (MSA), used by the US Census Bureau to describe functionally integrated urban areas that have sprawled across several institutional boundaries.

<sup>9</sup> The adequacy of ABS Capital City Statistical Divisions to accurately represent functional metropolitan areas in Australia may be questioned for the case of Brisbane. Indeed, most of current and projected population growth in this area takes place in the Moreton Statistical Division surrounding Brisbane (notably in the Gold Coast Local Government Area). For the sake of consistency and comparability, we will however stick to the Capital City Statistical Divisions.

Another characterising feature of Australian urban development is exacerbated sprawl. Similarly to other New World settings such as the USA and Canada, suburbanisation led to very low-density housing in Australian cities, as plenty of cheap land was available. First developing starfish-like along public transport corridors, the democratisation of the automobile from the 1950s onwards transformed the Australian cities into very decentralised settlements:

“Economic growth, population increase and a massive rise in automobile ownership interacted, together with government housing and planning policies, to fuel a seemingly unstoppable chain reaction of metropolitan expansion and suburbanisation” (Forster 2004: 14).

If we define suburbanisation as the proportion of the population of a metropolitan area found outside historic urban centres or core cities, the suburbanisation rates in Australia are extremely high. Except for Brisbane, almost the entire metropolitan population dwells in the suburban space (Table 2). Of course, these extreme rates of suburbanization also stem from the lack of institutional consolidation in Australian metropolitan areas (see below).

**Table 2 :** Rates of suburbanisation (Capital City SDs)

MA	Population outside central city local government area (percent of total)		
	1981	1991	2001
Sydney	99.76 %	99.69 %	99.05%
Melbourne	97.68%	98.63%	98.19%
Brisbane	33.68%	66.32%	43.77%
Perth	91.17%	99.34%	99.16%
Adelaide	98.65%	98.62%	98.48%

Source: ABS Census Data

## 2.2 Who is involved? Intergovernmental relations and tensions

All three levels of Australia’s federalist system of government currently play a major role for the development of its urban areas (Forster 2004: 142). The *Commonwealth* (federal government) can be seen to set the context through its policies on immigration, trade, housing and welfare. In addition, the Commonwealth controls the flows of money raised as tax and is then passed on to state and local governments in the form of grants. The Commonwealth also regulates the extent to which states can borrow money, which has a major impact on the state’s ability to fund expenditures on urban infrastructure, such as public transport. With a few exceptions, the federal government however leaves direct policies on urban development planning and infrastructure provision to the lower levels. *State governments* are the “main players in the game” (Forster 2004: 142), as they are responsible for a number of policies crucial to urban development. They define the metropolitan planning strategy, they run the public housing bodies, they provide public education, health, police, transport, as well as recreational and cultural services. *Local governments* are the least powerful level of administration in Australia: they have no constitutional status and are basically creatures of the states, expected to provide services important to the local community, on the basis of their own funds raised through property rates. Local governments are responsible for road maintenance, drainage and sewage disposal, and administer local building regulations and health by-laws. In addition, they provide a



range of community, recreational and cultural services, for which they receive financial support from the higher levels of government. It has to be noted that, in comparison to other OECD countries, the range of services for which Australian local governments are responsible is rather narrow (McNeil 1997).

### *Intergovernmental tensions*

Stilwell and Troy (2000) have argued that this multi-levelled system of shared competencies and responsibilities has given rise to major tensions and conflicts with respect to the management of urban regions, thereby impeding the emergence of effective metropolitan governance. More precisely, three lines for such tension and conflicts can be identified.

The first line of tension and conflict concerns the relationships between the federal and state governments. It feeds on vertical fiscal imbalance, i.e. the discrepancy between the constitutional division of competencies and the actual distribution of resources needed for effective action. Although the powers of the federal government are constitutionally restrained, it controls the bulk of tax revenues. Indeed, approximately three quarters of the total tax revenues is raised by the federal government, whereas states raise about twenty percent and local governments four percent (Stilwell and Troy 2000: 915). State governments are therefore dependent on fund transfers received from the Commonwealth. As Stilwell and Troy show (2000: 917), the share of specific-purpose grants and payments has steadily increased since the early 1970s, thereby illustrating the expansion of federal control over expenditures administered by the states. This has led to conflicts between the states and the federal government, over who determines urban service investments and delivery. Such conflicts are particularly significant in periods of diverging political majorities on the federal and the state levels, e.g. with a Liberal Commonwealth government and a Labour state government.

The second line of conflict concerns inner-state relationships, with tensions arising between the major urban centres and the other regions in the rest of the state. On the one hand, the main responsibilities for metropolitan planning and urban service provision lie with the states, who therefore play the crucial role in the development of a given metropolitan area. On the other hand, the states also have responsibilities for the development beyond their metropolitan area, whose interests they need to serve. However, since the majority of the state government's electorate lives in the capital city, it is no wonder that "state governments and bureaucracies devote most of their time [...] to running the cities" (Forster 2004: 142). Within the state, this of course leads to conflicts between metropolitan interests and non-metropolitan interests, which are "a recurrent feature of Australian society and culture" (Stilwell and Troy 2000: 910).

The third and most significant line of intergovernmental conflicts with respect to metropolitan governance is the tension between local governments and the state. Conflicts between these two levels of government stem from the tension between local self-interests and the regional scope necessary for the planning and development of the wider metropolitan area. The implementation of area-wide planning and management strategies developed by state governments can only be successful if the regional goals and objectives translate into the local planning regulations made by local governments. However, the compliance of local government with respect to area-wide strategic objectives cannot simply be assumed. The literature abounds with descriptions of Australian local government as an arena where the defence of narrow self-interests translates into political parochialism. As metropolitan planning increasingly tends to involve densification as well as the development of regional

infrastructure that produces locally concentrated nuisances (e.g. roads), NIMBY (Not in my backyard) protest has increasingly been seen as the motor behind the contesting of development proposals at the local level (Forster 2004: 156-158). Other, more clement observers view such protests as an expression of a developing participatory political culture at the local level, and welcome it as a popular control corrective, ensuring that urban policies do not simply serve the interests of development elites but produce some diffuse public interest (McGuirk 2003: 218). Be that as it may, it is evident that conflicts between state and local governments about the priorities, goals and objectives of urban development are a major source of impediments to governance. Even though the states can be seen to “act as a metropolitan government” (Stilwell and Troy 2000: 910) on the basis of the formal division of powers, the behaviour of local governments, and especially their willingness or their ability to make planning decisions that comply to broader strategic plans, is decisive for area-wide governance in Australian metropolitan areas. It is hence worth taking a closer look on the structure of local governments in these areas.

### **2.3 A picture of fragmentation: the institutional framework of local government**

Most Australian metropolitan areas cover a large number of different local governments, and fragmentation of local government is generally considered very high (Forster 2004: 143). As elsewhere, governmental fragmentation of Australian metropolitan areas originates in suburbanisation when urban growth occurred mainly via sprawl and the built environment increasingly extended over local government boundaries. But territorial reforms in Australian metropolitan areas were largely unable to keep up with the pace of suburban expansion. The only exception in this general picture is the metropolitan area of Brisbane, where twenty local councils were merged to form the City of Brisbane in 1924. As a consequence, Brisbane still is the least fragmented metropolitan area in Australia (Table 3).

In the last 30 years, significant initiatives have been taken to reduce local government fragmentation in Melbourne and Adelaide. Amalgamation programmes carried out by the Victorian and South Australian governments in the late 1980s and early 1990s significantly reduced the number of local governments in these two metropolitan areas. During the same time, a reverse trend could be observed in Sydney and Perth, where the number of local government areas has been on the *increase*. In Sydney however, the amalgamation of the councils of Drummoyne and Concord who became Canada Bay in 2000, as well as the 2004 amalgamation of the South Sydney City Council with the City of Sydney brought the number of local governments in this metropolitan area down to 43 (not shown in Table).

**Table 3: Local Government Areas in major metropolitan areas: 1981 - 2001**

Metropolitan area	No of LGAs			Mean population of LGA			Median population of LGA		
	1981	1991	2001	1981	1991	2001	1981	1991	2001
Sydney	44	45	45	72,834	78,194	87,733	63,237	63,524	70,009
Melbourne	56	31	31	48,665	97,217	107,718	43,833	103,283	113,696
Brisbane	8	7	7	129,931	184,392	221,975	50,358	87,589	118,531
Perth	26	30	30	34,576	37,919	44,180	27,294	25,755	27,661
Adelaide	33	19	19	28,621	54,366	56,874	18,585	43,435	44,763

Source: ABS Census Data for capital city SDs

However, governmental fragmentation of metropolitan areas should not simply be measured by the number of local governments with respect to the overall population. As Zeigler and Brunn (1980) have argued for the United States, governmental fragmentation is also related to the size of the central city compared to the remainder of the metropolitan area. Indeed, the larger a central city, the greater the political weight of its government, and the more likely it is that it can speak on behalf of the whole metropolitan area. Hence, Zeigler and Brunn suggest the computation of an Index of Geopolitical Fragmentation that takes both of these aspects into account:

“Since the magnitude of political fragmentation [of a metropolitan area] is directly proportional to the number of local governments per 100,000 inhabitants and inversely proportional to the percentage of the metropolitan population residing in the central city of [a metropolitan area], an Index of Geopolitical Fragmentation can be computed by dividing the first quantity by the second” (Zeigler and Brunn 1980: 82).

Table 4 shows the development of geopolitical fragmentation in Australian metropolitan areas over time. On the one hand, geopolitical fragmentation has decreased everywhere (except for Perth between 1981 and 1991). However, it is only in Melbourne and Adelaide that the reduction of fragmentation can be attributed to reforms of the local government structure. In the other metropolitan areas, decreasing geopolitical fragmentation basically stems from a population growth in existing local government areas, outweighing the effect of a diminishing share of the central city in overall population. A comparison between the five metropolitan areas shows that Perth, Sydney and Adelaide should be considered as very fragmented, whereas Melbourne and especially Brisbane are significantly less so.

**Table 4: Geopolitical Fragmentation 1981-2001 (capital city SDs)**

Metropolitan area	No. of local governments per 100,000 inhabitants			Population share of central city in percent			Index of Geopolitical fragmentation (Zeigler & Brunn)		
	1981	1991	2001	1981	1991	2001	1981	1991	2001
Sydney	1.37	1.28	1.14	0.24%	0.31%	0.95%	5.71	4.13	1.2
Melbourne	2.05	1.03	0.93	2.32%	1.27%	1.81%	0.88	0.81	0.51
Brisbane	0.77	0.54	0.45	66.32%	58.24%	56.23%	0.01	0.009	0.008
Perth	2.98	2.64	2.26	8.83%	0.66%	0.84%	0.33	4	2.69
Adelaide	3.49	1.84	1.76	1.34%	1.38%	1.52%	2.6	1.33	1.16

Source: ABS Census Data

With respect to geopolitical fragmentation, only Brisbane with its nationwide lowest degree of geopolitical fragmentation, has an institutional structure that is comparable to the one found in other major metropolitan areas across the OECD. All other Australian metropolitan areas are roughly three to ten times more fragmented than their comparable counterparts in other countries. Overall, geopolitical fragmentation of Australian metropolitan areas is extremely high in international comparison (see Box 1).

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*Box 1: Australian metropolitan areas in international comparison*

Focusing on metropolitan areas over 200'000 inhabitants in a wide range of countries in Europe, North America and beyond, data from the International Metropolitan Observatory (IMO) project (Hoffmann-Martinot and Sellers 2005) provide an international horizon against which the Australian metropolitan areas can be compared (Table 5).

**Table 5: Metropolitan areas over 200,000 inhabitants in 2000 or near: international comparison\***

Country	Urbanisation (% of population in urban areas) <sup>a</sup>	Metropolitanization (% of population in metropolitan areas over 200,000)	Central city proportion of population (Mean)	Number of local authorities per 100,000 inh (mean)	Geopolitical fragmentation of metropolitan areas (mean) <sup>b</sup>
Australia	92%	62% <sup>c</sup>	14% <sup>d</sup>	18 <sup>d</sup>	7 <sup>d</sup>
Canada	80%	63%	66%	1	< 1
Czech Republic	74%	27%	70%	21	3
France	76%	51%	36%	32	11
Germany	88%	84%	31%	18	6
Hungary	65%	36%	75%	12	2
Israel	92%	79%	39%	3	1
Netherlands	66%	50%	50%	2	<1
Norway	79%	46%	54%	4	<1
Poland	62%	43%	59%	3	<1
South Africa	57%	48%	100%	0	0

Country	Urbanisation (% of population in urban areas) <sup>a</sup>	Metropolitanization (% of population in metropolitan areas over 200,000)	Central city proportion of population (Mean)	Number of local authorities per 100,000 inh (mean)	Geopolitical fragmentation of metropolitan areas (mean) <sup>b</sup>
Spain	77%	55%	64%	3	<1
Sweden	83%	32%	58%	2	<1
Switzerland	68%	73%	30%	21	7
United Kingdom	89%	-	-	-	-
United States	80%	78%	34%	15	7

\* Unless otherwise stated, data stem from Hoffmann-Martinot & Sellers (2005)

<sup>a</sup> Source: United Nations Population Division, *World Urbanization Prospects: The 2003 Revision*

<sup>b</sup> This figure reflects the Zeigler Brunn index, multiplied by 10 and rounded to the next integer

<sup>c</sup> Source: ABS Census Data for Urban Centres over 200'000 inhabitants, 2001

<sup>d</sup> Source: ABS 2001 Census Data for Capital City Statistical Divisions over 200'000 inhabitants and Statistical Subdivisions of Gold Coast-Tweed Heads, Newcastle, Wollongong.

The figures confirm Australia's high degree of urbanisation (i.e. the percentage of the population living in urban areas) and metropolitanization (i.e. the percentage of the population living in urban centres larger than 200'000 inhabitants). In this respect, Australia is comparable to the Western European and the North American contexts. However, with respect to the geopolitical fragmentation of its metropolitan areas, Australia must clearly be situated at the top end of the list. First and most striking is the polycentricity of metropolitan areas in Australia. Whereas suburbs dominate metropolitan areas in a number of other countries as well (e.g. France, Germany, Switzerland, the United States), the level of suburban domination in Australian metropolitan areas is unequalled elsewhere. On average, only 14% of the population of Australian metropolitan areas live in the core city – an average that, in surplus, hides the intranational variation ranging from less than 1% in Perth to 86% in the Gold Coast-Tweed Heads area. Second, in terms of the size of local authorities found in metropolitan areas, Australia belongs to the group with a high number of local governments per 100,000 inhabitants. This is astonishing since the figure is similar, or higher, only in Germany, France, Switzerland and the Czech Republic, where the 'old world' context of deeply entrenched historical roots has proven a major obstacle for local government amalgamations. The combination of these two measures into one 'geopolitical fragmentation index' again shows that Australia's similarity to OECD countries where geopolitical fragmentation of metropolitan areas is generally considered as very high, namely France (as an outlier), Switzerland, as well as the United States. Last but not least, it needs to be emphasised that, although Australia has often been compared to Canada – in terms of urbanisation patterns as well as in terms of the structure and practice of federalism – the institutional organisation of the metropolitan areas in these two countries follows completely opposite paths of development. Whereas geopolitical fragmentation is very high and will probably remain so in Australian metropolitan areas, suburban dominance and institutional fragmentation have been kept in check in Canadian metropolises not only via "drastic and spectacular reforms" (Hoffmann-Martinot and Sellers 2005: 435) featuring annexation of suburbs by central cities, but also through the establishment of area-wide metropolitan governments.

## 2.4 Limited success of structural reforms

The extremely fragmented nature of Australian metropolitan areas – except Brisbane – have led to calls for more structural reforms in the past. Three different avenues of structural reform have been pursued, with different degrees of success.

The idea of reducing fragmentation by creating new governmental authorities on an area-wide scale had already been conceived in the early 20<sup>th</sup> century, mostly under the influence of experience in the UK and with the example of the London County Council in mind – the world's first metropolitan government, created in 1889. Only in Brisbane has this idea become reality, whereas in other places, proposals to create area-wide metropolitan governments failed. In Sydney, for instance, an attempt to establish a metropolitan government for Greater Sydney foundered in 1915. As Sperritt (2000: 150) argues, the main reason for the rejection of the relevant bill in the NSW state parliament was the opposition from the central city's financial and commercial interests, fearing to lose influence after a dilution of their electoral power basis.

Amalgamation of local governments into larger units has been a second route towards reducing fragmentation pursued in Australian metropolitan areas (see Forster 2004: 152). Mainly driven by economic arguments, the objective behind these amalgamations consisted in economies of scale with respect to service provision by local governments. Inquiries into the structure of local government relevant for metropolitan fragmentation have been conducted by the states of New South Wales, Victoria, South Australia and Western Australia. Although none of these inquiries ended in suggesting a Brisbane-style metropolitan-wide amalgamation, they generally resulted in a recommendation to reduce the number of local governments in the major metropolitan areas and increase their average size. However, the state governments proved often unable or unwilling to implement these recommendations, due to strong opposition from the local governments scheduled for amalgamation. Only in Melbourne and Adelaide have significant amalgamations been enacted, thanks to the implementation of a state wide rationalisation programme by a newly elected government (Victoria), or a combination of persuasion and threatened sanctions (South Australia). In Sydney, the history of local government amalgamations in the metropolitan area appears as a 'one step forward, one step back' movement, heavily driven by party political considerations (see Sproats and May 2004). Whereas significant amalgamations were enacted by a Labor dominated New South Wales government after World War II, some of them were undone again in the 1960s by a Liberal state government. In the following decades, amalgamations and re-separations more or less followed the change of political majorities at the state level, with the territory of the City of Sydney being the major issue at stake. Whereas Labor governments wanted it to be larger (and encompass suburbs with a strong left-wing electoral basis), the Liberal state governments advocated that the territory of the City of Sydney be confined to the Central Business District (where their electoral basis was strong). In the process, the borders of the City of Sydney expanded and contracted no less than five times since World War II, the latest move being an expansion that occurred in early 2004, when the City of Sydney was amalgamated with the adjoining South Sydney Council by the current Labour government.<sup>10</sup> Many observers have

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<sup>10</sup> This amalgamation, as well as the amalgamation of Drummoyne and Concord – becoming Canada Bay in 2000 – has changed the institutional structure of the Sydney metropolitan area since the publication of the 2001 Census data, used for the calculation of geopolitical fragmentation in Table 4. On the basis of the 2001 Census data, these mergers takes the Index for Geopolitical

therefore claimed that, rather than driven by the objective to reduce institutional fragmentation, local government amalgamations in the Sydney metropolitan area essentially follow an agenda of gerrymandering in a “struggle for town hall” (Sproats and May 2004).

The third avenue towards structural reform – albeit of a less compelling type than area-wide authorities or amalgamations – have been the Regional Organisations of Councils (ROC). These are joint bodies of local governments stabilizing voluntary cooperation in various policy fields. In some states (NSW and QLD), regional groupings of local governments have been used for advisory purposes since World War II. In the 1970s, this approach was promoted on a national scale under the Whitlam government (see McPhail 1978). The Commonwealth provided seed money for the setting up of ROCs, and then used these regional structures to direct funds to local governments. The following federal government however ended the Commonwealth involvement at the regional level. Nevertheless, voluntary regional co-operation had gained enough momentum for the ROCs to persist through joint funding by the constituent local authorities. Although, their relevance and their degree of activity vary considerably, there are some ROCs that are well supported by their constituent local governments and effectively act as bodies for regional lobbying, research and development.

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In the absence of area-wide institutional structures, Australian metropolitan areas have had to rely on strategic planning in order to steer their development in an area-wide perspective. Various strategic plans have been elaborated in all Australian metropolitan areas over the twentieth century. Whether they have been able to fill the governance gap caused by the fragmented nature of metropolitan institutional structures is debatable. In any case, strategic plans are currently the only explicit guidance instrument for urban development at a metropolitan scale. They usually consist of an assessment of development trends and future challenges, and outline the policies required to meet these challenges and channel future development in desirable paths. These *metropolitan planning strategies*, can therefore be seen as the central instrument for bringing about area-wide governance in Australian metropolitan areas. Indeed, as Gleeson et al. (2004: 345) argue especially with respect to the more recent metropolitan strategies, they can be understood as instruments “for intervening in and managing change in urban regions”. Nevertheless, in order to do so effectively, the concretisation of these strategies requires to deal with conflicts between area-wide aims and the interests and attitudes of the various local communities. This “dilemma of how to reconcile local government’s day-to-day control of new developments with the pursuit of longer-term and metropolitan-wide strategic aims” (Forster 2004: 199) can therefore be seen as the key to achieving metropolitan governance in Australia. Hence, in order to highlight the dynamics of metropolitan governance building in Sydney, we will therefore focus on the elaboration of the recent metropolitan planning strategy in the remainder of this paper.



### 3. METROPOLITAN GOVERNANCE REVEALED: THE SYDNEY METROPOLITAN STRATEGY

#### 3.1 Planning metropolitan Sydney: the current initiative in context<sup>11</sup>

Metropolitan planning in Sydney during the 20<sup>th</sup> century goes back to early initiatives in the first three decades, when planning emerged on the basis of environmental protest and lobbying, articulating planning ideals in a fragmented and issue-based way that eventually lead to rudimentary ordinances enacted by local governments. More comprehensive efforts were taken in the period after World War II, characterised by the creation by the state government of an administrative planning machine, inspired by British town and country planning. It involved the creation of a new body between the local and state governments, the Cumberland County Council, charged with the elaboration of an area-wide master plan orienting the individual planning schemes of the various local governments. This first area-wide plan for Sydney, the *County of Cumberland Plan*, was elaborated in 1948, based on land-use and development control in order to manage the haphazard growth of suburban areas. The plan became state law in 1951, with the independent County of Cumberland Council overseeing its implementation, by coordinating the local planning schemes and fitting them with the overall plan. However, in the face of rapid population growth that made predictions obsolete, the council came under increasing pressure to release more land for housing. The refusal to do so led to the dismissal of the Cumberland County Council by the state government. The new State Planning Authority (SPA) was created at the state level, which reviewed the Cumberland Plan and came forward with the *Sydney Region Outline Plan* in 1968. It offered strategic guidance in a context of high rates of economic and demographic growth, identifying corridors of growth combined with suburban town centres, soon complemented with a matching metropolitan freeway network. In other words, it “planned for the suburban dream of a home in the sun and a car in the garage” (Spearrit and De Marco 1988: 29). During the 1980s, there were however, growing concerns with respect to this low density fringe development: environmental consequences, high costs for providing services (water, sewerage, and electricity) for the outer suburbs, growing transport problems, etc. Searching for an alternative to sprawling growth, a new strategic plan was developed by yet another state agency, the Department of Environment and Planning. The *Metropolitan Strategy* released in 1988 featured the goal of ‘urban consolidation’ as one of its corner stones, i.e. an increase of population density, by use of surplus land for housing, promotion of medium density housing, smaller lot sizes, and an increased proportion of townhouses and flats in new release areas. This “historic shift in spatial orientation” (Freestone 2000: 129) of the 1988 plan was perpetuated in the subsequent plans, *Cities for the 21<sup>st</sup> Century* (1995) and *Shaping our Cities* (1999). Both build on the mix of critical planning issues familiar since the 1988 plan: sustained population growth, mismatches between jobs and homes, increased automobile use, and environmental stress. And both plans aim at tackling these issues through a policy mix organised around the promotion of compact urban form via consolidation and ecological sustainability via rigorous environmental assessment.

The overall goals of metropolitan planning have roughly remained the same since the 1988 plan with its move towards a concentrated rather than a dispersed pattern of

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<sup>11</sup> The following presentation is based on Spearrit and DeMarco (1988), Freestone (2000), as well as Gleeson et al. (2004).

growth. However, a change in the operational approach is clearly detectable in the later plans. The blueprint approach geared towards goals over static outcomes evident in the earlier plans has gradually given way to a more de-spatialised and process-oriented approach. Metropolitan planning is no longer seen as consisting in the drafting of master plans to be implemented by state agencies, but more as an activity of managing a process that binds the agencies with a major stake in Sydney's development in a coordinated approach. Some writers see this as an expression of a supposedly neo-liberal and anti-statist climate, and fear that comprehensiveness of planning will be lost and planning will whither away in the process (Freestone 2000), or will be more and more geared towards the needs of the development industry demanding a watering down of the ecological and social emphases which are considered impractical (Khan and Piracha 2003). Others, however, see it in line with "scholarly and critical commentary [continuing] to oppose the rational technocratic idea that the public interest is a straightforward, unitary ideal, which experts can readily comprehend" and pointing towards "the need for more *negotiative* and *deliberative* policy making in planning, in which a plurality of (sometimes) opposing interests is assumed" (Gleeson et al. 2004: 353 original emphasis).

### **3.2 The metropolitan strategy in the light of new regionalism**

The shift from outcome-oriented to process-oriented planning in Sydney's various metropolitan planning initiatives can be seen to echo the shift from 'old' to 'new regionalism', with the latter emphasising the idea that the area-wide governance ultimately results from the ability to produce coordination among stakeholders through collaborative and non-hierarchical processes. To the extent that Sydney's latest metropolitan strategy can also be seen to be inspired by the process-oriented approach, it is therefore justified to assess the prospects for area-wide governance in Sydney on the basis of the new regionalist framework.

Drawing on the precepts of new regionalism outlined in the theoretical section of this paper, we will conceptualise the process of metropolitan governance building as a *negotiation process between governments, corporate actors and residents within the metropolitan area, aiming at reaching decisions over how to control or regulate the behaviour within and providing services for the overall area.*<sup>12</sup> As we have argued above, this conceptualisation points towards the assessment of three crucial features of metropolitan governance, namely (1) the attitudes and behaviours of stakeholders with respect to the process eventually leading to metropolitan governance, (2) the incentive structures set by higher level institutions that influence the behaviour of stakeholders in this process, (3) Political leadership capable of rallying stakeholders behind a common vision over the desirable path of metropolitan development.

On this basis, the following research questions can be formulated for the analysis of the elaboration of the latest metropolitan strategy for the Sydney metropolitan area:

- 1) Are the stakeholders' attitudes and behaviours in the elaboration of the strategy cooperative or not?
- 2) What are the incentive structures set by higher level governments in order to foster cooperative behaviour of stakeholders in the elaboration of the strategy?

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<sup>12</sup> This conceptual framework will be used in an ideal-typical way, which means that the discussions of the evidence also needs to assess the extent to which the processes found in the empirical case actually *depart* from the ideal-type, i.e. wheter or not they can plausibly be viewed as a negotiation process.

- 3) Are there strong political visions and leadership capable of motivating stakeholders to sustained efforts for realising the metropolitan strategy?

The empirical data used to answer these research questions stem from documentary sources, as well as from interviews with stakeholders and experts in the Sydney metropolitan area, conducted by the author in February and March 2005 (see Methodological Appendix).

### **3.3 Cooperative area-wide governance: the state of the ingredients**

The start of the elaboration of a new ‘Metropolitan Strategy’ for Sydney was officially announced by the NSW Premier, Bob Carr, in April 2003. Similarly to the previous ones, the new strategy’s goal is to set out how the NSW government intends to manage growth and change in the Greater Metropolitan Region of Sydney over the next 30 years, by providing a coherent overall framework orienting the government’s development activities and investments.<sup>13</sup> The responsibility to elaborate the Strategy lies with the Department of Infrastructure, Planning and Natural Resources (DIPNR), and a Reference Panel consisting of Australian and international experts was convened to assist DIPNR in this task. Based on the experience of the preceding metropolitan strategy, *Cities for the Twenty First Century (1999)*, it was decided that the elaboration of the new metropolitan strategy had to include moments of public consultation and deliberation. This included the holding of three forums where outlines of the planning documents were submitted to stakeholders for debate: the first ‘Sydney Futures Forum’ in May 2003, attended by 300 governmental, private, as well as community stakeholders; the ‘Sydney Futures Forum for Local Governments’ in June 2003, attended by 160 mayors, councillors and senior officials from the metropolitan area’s local governments; the ‘Sydney Futures Forum 2’ in December 2004, bringing together delegates from the two preceding Forums. In addition, a number of smaller community forums were held between July and October 2004. Moreover, stakeholders were invited to submit comments on the issues to be addressed, as well on proposals of goals to be included in the new Metropolitan Strategy, summarised in a discussion paper released in September 2004. The original schedule foresaw the release of the new Metropolitan Strategy in early 2005, following a decision by the state government. At the time of writing, the Strategy has not been released.

#### *a) Stakeholders attitude and behaviour with respect to the elaboration of the strategy*

The major government actors relevant to the Metropolitan Strategy are the state government on the one hand and the local councils on the other. Whereas the former is officially responsible for elaborating the metropolitan strategy, the latter are relevant to its implementation as they decide on building regulations and assess development applications. Although local government has only limited autonomy in New South Wales it is a major veto-player in area-wide governance thanks to its powers with respect to urban development. Consequently, urban development is at centre stage in local politics:

“The biggest issue in local government in Sydney is development. People don’t care about rates, roads and rubbish, but they care about who is building the block next door to them” (Interview Town Planner).

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<sup>13</sup> Some government actions have been released as part of this new strategy: a programme for the release of new land in the metropolitan area’s north-west and south-west, as well as a water strategy. See “Carr funding spin offers little light at the end of the tunnel”, *Sydney Morning Herald*, 14.3.2005.

Thus, in issues of area-wide governance the State and local governments are inextricably bound together. What are these two actors' attitudes of their roles and behaviours with respect to each other?

The *state government* perceives its relationships with local councils to be tense. Tensions are seen to originate in a scale mismatch of the interests pursued. Whereas the state government sees itself as defending the general interests of the wider metropolitan region, it perceives local governments as parochial, unable to put their particular interests to the service of the bigger picture:

“Local councils are very sensitive to re-election. This is the NIMBY syndrome. [...] Overall, my personal view is that local councils have become increasingly selfish. [...] This might be the backdrop of globalisation, that people focus increasingly on local issues and become very protective and conservative” (Interview DIPNR).

It is this selfishness of local government which, according to state representatives, then translates into divergences over goals in the Metropolitan Strategy, such as the consolidation objective, often opposed by local governments because they see it as a threat to the quality of life in existent low density residential areas. Nevertheless, state government is conscious of the fact that local governments are major players in the Metropolitan Strategy, especially with respect to its implementation. This is acknowledged by the decision to consult local government and include it (in some way at least) in the elaboration of the new Metropolitan Strategy.

*Local governments'* view of their relationships with state governments are similar. They feel that state government is full of contempt in their regard. They are convinced that state government seeks to overrule their (limited) planning powers wherever it can. This is evident, for instance, from local governments' interpretation of special planning instruments such as Development Corporations as a

“back door for the government to seize planning control of important tracts of land (and associated revenues including development contributions) from local government and by-pass the role of the elected council” (Local Government Association and Shires Association of NSW, *Submission Metropolitan Strategy Discussion Paper*, December 2004, p. 8-9).

They thus perceive state government to pursue an agenda to centralise planning powers. Decision making at the state level is perceived as highly intransparent, mysterious and therefore inaccessible. This inimical perception of state government is evident from many local government submissions to the Metropolitan Strategy, replete with calls for a stronger involvement, for partnerships rather than confrontation, and for a better recognition of the constructive role that local governments can play in the context of area-wide metropolitan planning. Local governments welcome the participative approach chosen for the definition of the new Strategy, but there is a manifest lack of trust concerning the state government's sincerity and its willingness to effectively give local government a say. As one local government representative put it:

“Something the State government was reluctantly and slowly moving, in a very frustrating way, is the relationships between State and local governments. [...] What local governments want to bring into this process is their better local knowledge of their specific local government areas, of their communities. This is not necessarily well understood in the high level bureaucracy. [...] Our association has been quite critical about the top-down way that the planning system works here. This probably hasn't helped our relationships with the State. Part of the problem might also be system inherent, with the government telling the councils what to do and not always having the feeling of the local issues” (Local Government Association of NSW interview).

Nevertheless, local government has so far been quite cooperative in the elaboration process of the Metropolitan Strategy. The occasions to comment on the Strategy have been used extensively and local governments have expressed their hope that this will

lead state government to substantiate its acknowledgement of local governments' role in the implementation of the Strategy:

“The [Local Government] Associations are pleased that the discussion paper recognises that local government is often best placed to implement aspects of the strategy. For this statement to have substance however, and for the strategy to work, local government needs to be engaged in a genuine, equal partnership with the relevant state agencies” (Local Government Association and Shires Association of NSW, *Submission Metropolitan Strategy Discussion Paper*, December 2004, p. 13).

Hence, the mutual perceptions among the major players for area-wide governance in Sydney are not very encouraging as yet. A certain minimal willingness to cooperate has however been manifest so far, at least in the early phase of the Metropolitan Strategy. It also has to be noted that there are differences in state-local relationships across the metropolitan area. More particularly, state-local relationships have been described as less tense when larger local governments are concerned. Indeed, thanks to their more professionalised administration, larger councils are perceived to be more competent in planning matters and therefore better able to make substantial contributions. In contrast, smaller councils are not seen to have the expertise required to really take a stance on issues of area-wide planning, and are therefore less able of a constructive dialogue. Considering that, in the Sydney metropolitan area, local governments are larger in the West than in the East, this means a greater likelihood that state-local relationships are more tense in the East than in the West.

#### *b) Incentives set by higher level governments*

What are the incentives set by higher level governments that motivate actors to adopt a cooperative attitude and behaviour rather than confrontational ones?

As noted in the description of the intergovernmental relations above, the Commonwealth government does not take an active part in developing area-wide governance capacity in Australia's metropolitan areas. This is also evident in the case of the Metropolitan Strategy in Sydney: the federal government has not been mentioned as providing incentives – neither negative nor positive – for fostering cooperative attitude among local actors.

As far as the state government is concerned, the openness towards inputs from stakeholders and the organising of important moments of consultation in the elaboration of the Strategy has undoubtedly contributed to fostering a cooperative climate. Of course, many stakeholders still seem to think that this openness is ‘too good to be true’ and expect a backlash in later stages of the Strategy. To many stakeholders outside the public administration, the decision process relating to the Strategy largely appears as a ‘black box’. In any case the criteria on the basis of which policy issues will be decided are unclear to many. This fosters a cynical, rather than a cooperative attitude with stakeholders outside the decision process. This is clear, for instance, from the following interview with a developers' representative, who views the consultation process in the Metropolitan Strategy largely as cosmetics:

“In NSW unfortunately, the government has the tendency to do a lot of thinking behind closed doors before it goes public with information. So I suspect that they already know what they want out of the Metro Strategy. Asking for submission is just... because they have to do it. I think the hard decisions about goals and measures have already been made” (Interview HIA).

Similarly, local government representatives also doubt that their submissions and their inputs will have any substantive impact on the Metropolitan Strategy that will be decided in the end:

“At the end of the day, the State government will wake up one morning and make a decision [*laughter*]. They don’t need to consult local government for that. We can jump up and down as much as we want” (Local Government Association of NSW interview).

Nevertheless, it is evident that the consultation mechanisms have already had the effect of civilising the tone of exchanges on the strategy. Although many submissions are quite critical in substance, there is a certain effort of diplomatic wording on all sides, displaying the willingness to find a style of communication that does not jeopardise eventual cooperation in the future. Even if many still wait to see whether their expressions of interest will effectively be integrated into the Strategy later on, there is an acknowledgement of the consultation effort made by the state government. In other words: independently from their effective results, the mere holding of consultation processes has contributed to a change of mind, where hope for future cooperation has somewhat replaced cynicism rooted in past conflicts.

In addition, the existence of regional structures of voluntary cooperation previous to the Strategy, has helped fostering a cooperative attitude between the constituent localities, at least in some parts of the metropolitan area. A case in point is the Western Sydney Regional Organisation of Councils, which was able to play an active role in the definition of the Western Sydney governments’ position on the Metropolitan Strategy. Capitalising on past experiences of cooperation within the WSROC, constituent local governments were able to jointly develop a position that goes beyond the smallest common denominator and feed it into the consultation process of the Metropolitan Strategy.

However, it remains to be seen whether and how the various stakeholders will be rewarded for their cooperative attitude and behaviour shown so far – a condition that must be met if cooperative behaviour is to be sustained.

### *c) Political leadership*

With respect to the Metropolitan Strategy, there is political leadership, promoting and enacting a vision for the metropolitan area which could motivate stakeholders to continue engagement and cooperation?

This aspect seems to be quite problematic. Indeed, many stakeholders deplore the absence of a vision for the metropolitan area, making it difficult for them to see the way in which they should be going. Several stakeholders are quite critical in this respect, accusing particularly the State government of being unable or unwilling to come up with and communicate a clear vision for the future development of the metropolitan area:

“The State government would like to portray the fact that it has a vision about where it wants the city to go. But... I have to say there is a fair bit of confusion in the messages which come out of the State government. [...] If there is something that this government does very well, it’s not communicate that message. And it is very hard to engender that metro view, from a resident point of view of living in a Global City that is going to grow. They really have traditionally left it to the development industry to fight their battles. Because we have to lodge an application with the councils and take the council to court. Or negotiate an agreement on development concepts. [...] And the development industry is seen as the enemies. But in many ways the development industry is simply implementing government policies. But the government is very shy that it is behind these policies” (HIA Interview).

In the same vein, other stakeholders argue that the development of a shared vision is one of the crucial ingredients for area-wide planning that is currently lacking:

“There is no overall vision for the GMR [Greater Metropolitan Area] stated in the Discussion Paper and it is therefore hard to evaluate what is trying to be achieved. ... [We recommend that]

a shared vision of what kind of city people want to live in is developed for the GMR as the basis for the Metropolitan Strategy” (WSROC, *Response to the DIPNR Metropolitan Strategy Discussion Paper*, December 2004, p.10-11).

The consultation process has produced a huge amount of inputs and submissions to the Metropolitan Strategy, each portending different views and ‘visions’ about how the Sydney metropolitan area should and could develop. It is clear that this has not made the task of selecting the final policy options any easier. As it seems, this selection will basically be an in-house process, prepared by the public administration and decided by the state government:

“They [i.e. the submissions and inputs at the various Forums] are reviewed by professional teams. There’s been a Reference Panel established to provide some sort of high level advice. Some of the bigger issues are referred to the reference panel. But they’re mainly managed internally by the project control groups, within the Department. The process here hasn’t been as open as, say the Melbourne 2030 [...]. It also reflects a different political environment. Sydney is a far more intensely political city than any of the other cities in Australia. [...] There is a much higher level of political involvement in the process At the ministerial level, at the local MP level. They’re much more involved in the decision making process on various drafts of the Metro Strategy. Certainly on policy issues. The very least draft will go through ministers’ offices, ministers’ advisers, often to Cabinet” (Interview DINPR).

As the State government will be the ultimate decision maker for the delivery of the Metropolitan Strategy, many stakeholders therefore expect that it is the State government who is responsible for the definition of the development vision for Sydney and also needs to be held accountable for its inability to deliver. Indeed, the state government is expected to come forward with such a vision and to provide the necessary leadership to communicate and enact it. It has however proven unable to do so as yet, and many observers are rather sceptical as to whether it eventually will.<sup>14</sup>

The reasons for the state government’s inability – or is it unwillingness - to produce vision and leadership are unclear. From an outside perspective however, the degree of centralisation of decision making in this final and most important stage in the definition of the Metropolitan Strategy is striking. This is even more curious given the openness of the process and the emphasis on dialogue in the earlier stages.

### **3.4 The need to strengthen area-wide governance: two alternatives**

This brief discussion of the evidence related to the elaboration of the new Metropolitan Strategy is not very encouraging for the prospects of building area-wide governance capacity in Sydney on the basis of cooperation. First, the relationship between major stakeholders is characterised by cynicism and a lack of mutual respect. Second, although the emphasis on consultation has contributed to improve the climate for cooperation, it is unclear whether and how this climate can be sustained. Finally, the chances for a common vision and a strong leadership to come about are unclear as yet.

The major reason for the currently rather slim prospects to achieve metropolitan governance in Sydney is the presence of two contradictory rationales that are driving different stages of the elaboration process. On the one hand, the planning philosophy informing the Metropolitan Strategy is inspired by the idea that the public interest can only be identified via deliberative and negotiative processes in which a plurality of (sometimes opposing) interests is assumed. This is the rationale for the extensive consultation process which has indeed led to a huge number of expressions of interests by various stakeholders. The elaboration process therefore seems to be

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<sup>14</sup> See “City overhaul loses fizz, says Carr’s planner”, *Sydney Morning Herald*, 14.3.2005, and “The Sydney we deserve”, *Sydney Morning Herald*, 4.6.2005.

driven by a 'new regionalism' rationale, where governance is achieved through negotiation rather than hierarchy. On the other hand however, the final decision stage seems to be organised according to the rational planning ideal of defining the public interest through expert knowledge which is then approved by the government. Hence, it is very much the 'old regionalism' rationale of governance through hierarchy that is driving the later stage of the Metropolitan Strategy, where the administration pre-selects the policy choices on the basis of professional knowledge, which are then finally decided by a handful of politicians at the top.

It can therefore be argued that the elaboration process of the Metropolitan Strategy entails a sudden shift of governance rationales in the middle: whereas the preparation phase seems to be inspired by the 'new regionalist' model of producing coordinated behaviour through negotiation, the mode then switches to the 'old regionalist' logic of achieving coordinated behaviour through hierarchy for the decision stage. The release of the Metropolitan Strategy has been delayed by the State government, and, in April 2005, it even announced that there would be no single policy document to be released at all, but that the strategy in fact consisted of various elements that would be released in stages.<sup>15</sup> This shows that the switch of coordination modes in the middle of the elaboration process is likely to have produced a system overload. The openness of the consultation process has invited stakeholders to participate and they have contributed time and energy to state their views and ideas for policy directions about the desirable path of development of metropolitan Sydney. However, the state bureaucracy and then the ministers are somewhat left alone when it comes to choosing between these different views – of which, in surplus, many are contradictory. Disappointment with the outcome is thus programmed into the process from its very start, and is consequently widespread today, as is evident from the following comment:

“The State Government had hoped its Metropolitan Strategy would guide the city’s growth. Instead, the strategy has become a lightning rod for all sorts of dissidents, including developers, transport specialists, housing experts, welfare activists, environmentalists and architects, all yearning for a new direction” (Quotation from “Crowded, polluted and a mess – the fix list for Sydney”, *Sydney Morning Herald*, 30.5.2005).

As the switch of governance rationale can be seen as the major reason for the current stalemate, the way out is to bring the process in line with one single governance rationale. Theoretically, there are thus two solutions to the current stalemate: either bring the process back in line with the 'old regionalism' rationale of governance through hierarchy, or shape it according to the 'new regionalism' premises of governance through negotiation.

#### *a) Alternative 1: strengthen 'old regionalism'*

Reorganising Sydney's governance structures according to the precepts of 'old regionalism' would entail the creation of some sort of regional authority between the state and local governments that would be given significant powers with respect to area-wide planning and other metropolitan issues. Indeed, such an area-wide authority could, first, provide a buffer and ease the exchanges between the state and local governments, second, accommodate the problems resulting from geopolitical fragmentation, as well as, third, provide a legitimate decision making instance entitled to make policy choices about the development of the wider metropolitan area.

Area-wide governments for metropolitan areas exist in many countries across the OECD. Although there is quite an impressive variety of organisational models, fully

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<sup>15</sup> See “Knowles on notice over failure to deliver plan”, *Sydney Morning Herald*, 16.4.2005.



fledged metropolitan governments are generally “powerful, autonomous and legitimate” (Lefèvre 1998: 12), i.e. they have significant responsibilities, competences and financial resources, and feature directly elected representatives. One of the more widely known examples is the *Greater London Authority* (GLA), created in 1999. The *Greater London Authority (GLA)*<sup>16</sup> is the metropolitan government for the greater London area with its 7.2 million inhabitants, and covers 32 local governments, the so-called London boroughs. The GLA features a directly elected mayor (the office is currently held by Ken Livingstone), as well as an assembly (the ‘London Assembly’), composed of 25 directly elected members, among whom 11 are elected on area-wide lists, and 14 on the basis of different territorial constituencies. Independence between the Mayor and the Assembly has resulted in a system of checks and balances known from presidential systems. The GLA is responsible for providing and managing area-wide services in the field of public transport, policing, fire and emergency, economic development, planning, as well as culture and environment. Although the GLA has produced widely publicized decisions – such as the congestion charge for car travel into Inner London – it is still too early to evaluate the outcomes of the policies it has produced. However, observers generally agree (see Jouve 2003; Goldsmith 2005) that the direct election of the Mayor and the Assembly has been an enormous source of power for the GLA, not only with respect to the London metropolitan area, but also with respect to the National government and even the European Union. To the difference of the metropolitan authorities created in the 1960-1970 first “golden age of metropolitan government reforms” (Lefèvre 2001: 136), the *Greater London Authority* does not feature a large scale public bureaucracy. It has only 600 staff and is a rather lean structure, whose aim is not to produce services directly, but rather to provide strategic guidance on area-wide issues. Thanks to transparent procedures of stakeholder representation and decision making, the GLA constitutes a structured venue for area-wide interest regulation which is acceptable to the major stakeholders and the wider public. In this sense, the GLA should not be seen as simply ‘another level’ within the governmental hierarchy, but as a genuine arena for area-wide metropolitan policy making, where demands can be articulated and decided upon, thereby providing the necessary legitimacy for political leadership and administrative guidance in the London metropolitan area.

However, it is highly doubtful whether the metropolitan government model – embodied by the GLA – would be practicable in the case of Sydney. As we have shown above (see section 2.2), the settlement pattern of Australia with its high metropolitan primacy results in the states acting as de facto metropolitan governments. In such a context the issue largely appears as a zero-sum game: the state would lose what the new metropolitan government would gain. The state can therefore be expected to strongly oppose any reform leading to a fully fledged and powerful metropolitan government for Sydney:

“One of the fundamental things is that, from a State government perspective, although they do more than state governments in other countries, they still are very nervous about the potential power competition from things like a Greater London Authority model. Because that would take away a lot of their (Power). It’s something that state governments are fundamentally against. [...]. That is one of the facts of life. State governments here would be unwilling to go down the road that would lead to a Greater Sydney Authority. Because what would they do? They [state governments] would be unnecessary” (WSROC interview).

Consequently the chances of an ‘old regionalist’ solution to Sydney’s metropolitan governance problems are very weak, as this expert of local government reforms clearly indicates:

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<sup>16</sup> See [www.london.gov.uk](http://www.london.gov.uk) for more information.

“I don’t think it [reform leading to a metropolitan government for Sydney] will ever happen. The advice I would give the government and the councils is that it is a bit of a waste of energy trying to fight the case” (Commissioner Local Government Inquiry interview).

In other words: ‘old regionalism’ is not an option for Sydney.

*b) Alternative 2: strengthen ‘new regionalism’*

Reorganising Sydney’s governance structure according to the premises of ‘new regionalism’ would look entirely different. From this perspective, area-wide policy making must be seen as a “joint-decision system” (Scharpf 1997: 143), defined as systems where stakeholders are either *de jure* or *de facto* unable to reach their purposes through unilateral action, and in which joint action depends on (nearly) unanimous agreement of those involved. Currently in Sydney, as the major stakeholders are unable to reach an agreement over the crucial issues for the future development of the metropolitan area, the joint decision system is clogged. Thus, a ‘new regionalist’ route towards strengthening area-wide governance would consist in, first, acknowledging that the creation of such governance capacity should explicitly be conceived as a joint decision system, and, second, in improving the conditions under which such a joint decision system can become effective.

In the above analysis, we argued that the major flaw in Sydney’s current system of area-wide policy making is the absence of an arena where stakeholders can interact and negotiate in a structured way. This view is supported by the following comment of a representative of DIPNR:

*“So, the main players in area wide governance in Sydney are the local councils and the State government?*

*... and the development industry, and environmental groups.*

*Is there any arena, where they negotiate or debate?*

*There is not really a structured arena” (Interview DIPNR)*

Without such an arena, the negotiation process is much more difficult as it necessarily involves bilateral relationships between all stakeholders in order to, first, identify respective positions and, then, to come up with a solution on which they might all be able to agree. Hence, the absence of an arena for interaction hampers the efficiency of the joint decision system and thereby curtails its possibilities to reach agreements.

However, negotiation theory suggests that even if there was some sort of arena where multilateral negotiation on issues of area-wide policies could take place, another problem that Sydney faces is the absence of a commonly accepted “honest broker” (Scharpf 1997: 145) who could structure the interactions within this arena. This follows from the so-called Negotiators’ Dilemma in multilateral negotiations, “where rational-self interested actors would begin by proposing solutions favouring their own interests, and any communication among them would also be suspected as being self-serving and disingenuous” (Scharpf 1997: 145). It would indeed be extremely difficult to work out mutually acceptable solutions under these circumstances. Hence, in multilateral negotiations, agreements will be more easily reached when the process is structured by some sort of “agenda setter” (Scharpf 1997: 145) who has no direct stakes of its own with regards to the issue under negotiation.

Hence, a ‘new regionalist’ solution to Sydney’s current problems of area-wide governance would involve (1) the creation of some sort of area-wide arena in which stakeholders can interact multilaterally, (2) the establishment of an agenda setting body who defines the rules of the game and structures the interaction within this arena in a way that is acceptable to all participants. As new regionalist thinking does not

entail preferences for any specific model – as long as it fosters effective negotiation outcomes – the exact organisational form of such an arena and its agenda setting body is of secondary importance. However, the most important condition for this arena’s ability to fulfil its functions properly is strong independence from all major stakeholders, including state government and local government. Hence, the setting up of such an arena would need to be accompanied by adequate adaptations of the decision making procedures in the traditional governmental institutions, in order to make the joint decision system work.

Comments on experiences elsewhere in Australia suggest that organisational solutions which satisfy these requirements have been found. One possible model is the Western Australian Planning Commission (WAPC)<sup>17</sup> overseeing the preparation and the monitoring of land use planning in the whole of Western Australia, including the Perth Metropolitan Region Scheme. The WAPC is an independent advisory body to the state government. In the WAPC, all major stakeholders are represented, ranging from local councils and state government to business and industry representatives, and it is chaired by an independent planning expert. According to many observers, the WAPC was able to foster agreements acceptable to all major stakeholders, on the basis of which regional planning schemes could then be decided by the government. Hence, the success of the ‘WA model’ for guiding urban and regional planning has consisted in increasing the effectiveness of a joint-decision system. The WAPC’s has a central role therein, as it provides a venue where stakeholders can negotiate multilaterally and in an environment that is free from strategic bargaining, i.e. when negotiators pursue interests that are in fact not linked to the issues under negotiation, but relate to external objectives – such as party politics, for instance. In this sense, the WAPC organisational model could very well provide a practicable solution for the case of Sydney, as a senior planning expert at DIPNR suggested:

“I believe it would be very useful. It would be a very useful tool for distancing local councils and state governments from the hard decisions. If the decisions are made by a semi-independent body. In the West Australian case, the minister has to finally approve the decision. But if he overturns the decision, he has to table a statement to Parliament as to why he did so. This very rarely happens. That’s not a bad vehicle for this creating a bit of a buffer from day-to-day politics, from political pressure. Not totally, obviously. I think that this kind of body can work well” (DIPNR Interview).

Another interesting way has been followed in Brisbane in the context of the latest metropolitan strategy, the *South East Queensland Regional Plan 2005 - 2026*, released in June 2005.<sup>18</sup> Indeed, in the South East Queensland model, coordinating bodies representing a broad range of stakeholders have played a central role in both the elaboration and the implementation of the plan. In the elaboration process, policy choices related to area-wide development options were discussed and prepared by the Regional Coordination Committee, bringing together representatives from state government, local councils as well as the Commonwealth, and liaising with non-governmental stakeholders (such as development industry, environmental and social groups). Although the plan was ultimately endorsed by the state government, supported by the local councils was strong from the beginning. For the implementation phase as well, an important role is foreseen for the Regional Coordination Committee, as an advisory body to the state government on the development and the implementation of the plan. As some have argued (Gooding 2005), a genuine partnership between the state and local councils has operated at the heart of the South East Queensland strategic planning, based on and facilitated by the

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<sup>17</sup> See [www.wapc.wa.gov.au](http://www.wapc.wa.gov.au).

<sup>18</sup> See [www.oum.qld.gov.au](http://www.oum.qld.gov.au).

existence of arenas where stakeholders can debate and negotiate strategic choices. The success of this model has led some observers to argue that it could also provide possible guidance for tackling the problems of area-wide strategic planning in Sydney:

“I think the South East Queensland model provides an indication of what might work. They effectively organised the councils into four subregions of the metro region and set up a regional coordination committee. The model has its faults; it has as much difficulties in finding funds as we do in NSW. But it does provide a much clearer vision for the city region of Brisbane. I think that something like that might work. [...] I think we could go towards something like the SEQ. If we get that model to operate in Sydney, that would at least be a first step in the process. It’s possibly an evolutionary thing. It would also provide an opportunity for the councils to look at how they can work together. Not only in terms of scale economies, but also in terms of strategic planning. Technically, councils can do that now, but they’ve not tended to do that to a great extent. This could flow from such a structure” (WSROC interview).

Both the WAPC and the case of South East Queensland provide models of a ‘new regionalist’ route towards improving metropolitan governance capacity, without necessarily changing the existing institutional structure. Drawing on these experiences, the ‘new regionalist’ alternative for improving metropolitan governance in Sydney could assist in the creation of an area-wide independent commission or a committee reuniting the major stakeholders from government (local, state and national) and beyond. Accompanied by adequate adaptations in the planning legislation in order to give these bodies the necessary status<sup>19</sup>, this would allow to extend the inherent limitations of the current decision system that depends, de facto, on unanimous or near-unanimous agreements. It would not mean to fundamentally change this current decision system, but simply to add the missing piece in order to make ‘governance through negotiation’ work in the planning of metropolitan Sydney.

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<sup>19</sup> Indeed, some (minor) adaptations to the planning legislation were necessary both in WA and QLD in order to stabilise these structures and procedures.

## 4. CONCLUSION

As Australian metropolitan areas are more and more exposed to the dynamics of a globalised capitalist economy, governments at all levels face increasing pressure to provide the urban infrastructure and amenities necessary for achieving or maintaining an internationally competitive metropolitan economy. But the provision of such infrastructure increasingly requires an area-wide scope, either because local governments are overwhelmed by the scale of the investments, or because the infrastructure has a territorial network-character (e.g. transport, sewerage, water) crossing local government boundaries.

This paper set out to identify the prospects for such area-wide metropolitan governance in Sydney, focusing more particularly on the latest Metropolitan Strategy. In order to do so, we followed the conceptual framework of 'new regionalism' emphasising the achievement of 'governance through negotiation' rather than hierarchy or market. The analysis suggests that, in the Sydney metropolitan area, the prospects for area-wide governance to come about on this basis are currently rather limited. More precisely, three major issues can be pointed out. The first two are common to other Australian metropolitan areas, whereas the third issue is specific to the case of Sydney and is due to choices made for the organization of the process through which the new Metropolitan Strategy is to be elaborated.

First, in Sydney as in other Australian metropolitan areas, intergovernmental relations are characterised by strong tensions between state governments and local governments. These tensions are based on diverging scales of territorial interests pursued by states and local governments. Whereas the former tend to see themselves in charge of promoting the interests of the whole metropolitan area, the latter consider themselves as defenders of local communities against incursions 'from above'. There is evidence that in order to overcome this type of conflict, state governments have increasingly resorted to overruling local government in order to realize urban developments that are of regional interest (see Searle and Bounds 1999; McGuirk 2003). It is clear that such actions do not exactly foster trust and respect of local government with regard to the state. Hence, the evolution of intergovernmental relations towards a creeping centralisation of urban decision making at the state level fosters a conflictive, rather than a cooperative attitude in the relationships between the state and local governments. As respect and trust are a prerequisite for successful negotiations, the currently observable – and possibly increasing – mutual despise and cynicism in local-state relationships must be seen as a first major impediment to area-wide governance in Sydney.

Second, the institutional structure of Australian metropolitan areas – except Brisbane – is characterised by a degree of geopolitical fragmentation that is unseen of in comparable metropolitan areas in North-America or Western Europe. Attempts at structural reforms have been either unsuccessful in the past, or did not have the scope required to bring about a significant reduction of the existent high degree of fragmentation. The presence of a large number of local governments, some of which are relatively small, also comes as an impediment for area-wide governance. On the one hand, small local governments lack the expertise and the professionalism to get competently involved in planning decisions about the larger metropolitan area. On the other hand, the absence of a large central city – as in most North-American or Western European metropolitan areas – has so far prevented the emergence of strong political actors (e.g. mayors), who would have sufficient political clout to develop

political leadership and effectively endorse interests common to the various local governments in the area.<sup>20</sup>

Third, specific to the case of Sydney, the way in which the latest Metropolitan Strategy was elaborated is also problematic. On the one hand, the preparation phase, i.e. the identification of potential policy options, was organised as a very open process with stakeholders invited to express their views and preferences several times, in participatory forums, as well as through individual submissions. This is in tune with the rationale of ‘governance through negotiation’, as the first step in negotiation processes involves stakeholders identifying and communicating their interests. The effect obviously is the generation of a lot of different views and options, as the various participants want to make their positions known to all those who participate in the negotiation. On the other hand, a closure of the process has taken place before the second phase, in which the final choices on the Strategy are to be made. This closure is more in line with the ‘governance through hierarchy’ rationale, where policy options are made on the basis of expert knowledge and then decided by a few people at the top of the governmental hierarchy. There is however a major problem with this switching from a negotiative to a hierarchic rationale in the middle of the process, as one probably ends up in getting the worst of two worlds. Whereas the openness of the preparation phase produces a lot of inputs, the closure of the decision phase reduces the ability to process these inputs, because the burden of selecting the final policy options rests on the shoulders of a few single actors, instead of being shared by all of those who actually formulated these inputs. Of course, it is too early to assess the outcome of the final stage – as it is still going on at the time of writing. However, it is very likely that the outcome of the hierarchic decision process will be criticised by those stakeholders who were involved in formulating the inputs. As they have not been associated with the decision process on the final options, they will not be able or willing to understand the criteria on which these options have been selected. And they are all the more likely to be disappointed since the openness of the preparation process beforehand has generated the hope that their views will be duly taken into account. There is thus a high risk that the final Strategy will either be weak because it avoids the hot issues, or be a strong document that does take clear stances but then lacks the wide support necessary to its successful implementation.

The strengthening of area-wide governance capacity is thus a crucial element for effective future planning of the Sydney metropolitan area. ‘Old’ and ‘new regionalism’ respectively point to two different routes as to how this could be achieved. The old regionalist solution would consist in the setting up of a fully-fledged regional authority, where interests and stakes would be regulated via majoritarian decision making and then hierarchically enacted. As the success of such a regional authority crucially depends on status and hierarchy, it would need to be equipped with significant powers, as well as financial and legal resources. However, due to opposition from the state government, a strong regional authority with substantial powers is very unlikely to come about. The ‘old regionalist’ solution seems, therefore, quite unrealistic for the time being. In stark contrast, the ‘new regionalist’ alternative does not entail a fundamental change of the existing decision system. It basically consists of establishing an area-wide independent commission, where all major stakeholders are represented and where they can discuss their positions and negotiated agreements on issues of metropolitan planning and

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<sup>20</sup> Again, Brisbane and its former Lord Mayor – Jim Soorley – provides the counter example of political figures who can build leadership on the basis of the clout they are given thanks to the large size of their city.

development. The essence of such a commission is to create the conditions that increase the chances to foster the (near) unanimity that seems to be necessary to actually make and enact planning decisions that are important to steer and direct the future development of metropolitan Sydney. The philosophy behind the new regionalist solution therefore is not to replace the currently existing *de facto* joint-decision system in area-wide planning, but to add the elements that can make it work better.

It is clear that even if a new regionalist solution could be implemented, the achievement of metropolitan governance will still require time, patience and energy. However, this may be the only practicable way. As Fritz Scharpf (1997: 145 ) has aptly put it:

“Even in the best of circumstances, joint-decision systems are cumbersome, difficult to manage, and easily blocked. Nevertheless, they may sometimes be the best that can be obtained, considering the difficulties of installing a majoritarian system that would have democratic legitimacy. Under such conditions [...] it seems more worthwhile to explore institutional solutions that would make the existing joint-decision system more effective, rather than to call for majoritarian reforms.”

## 5. METHODOLOGICAL APPENDIX

The case study of Sydney is based, in addition to the written sources quoted in the text, on data from in-depth interviews with nine experts or stakeholders from six different organisations, conducted by the author in March 2005 (Table 6). The interview guideline involved questions on intergovernmental relationships between the State and Local Governments, on the relationships between regional planning and politics, on the current metropolitan strategy, as well as on the prospects for institutional reform. Interviews were tape-recorded and transcribed.

**Table 6:** Interviews conducted for the Sydney case study

<i>Date of Interview</i>	<i>Organisation</i>	<i>Function of respondents</i>
2 <sup>nd</sup> of March 2005	Housing Industry Association (HIA)	<ul style="list-style-type: none"> <li>• Executive Director, Planning and Environment</li> <li>• Assistant Director, Planning and Environment</li> </ul>
8 <sup>th</sup> of March 2005	Town Planner	<ul style="list-style-type: none"> <li>• Independent Town Planning Consultant</li> </ul>
11 <sup>th</sup> of March 2005	Local Government Association of NSW / Shires Association of NSW	<ul style="list-style-type: none"> <li>• Acting Director</li> <li>• Acting Strategy Manager</li> <li>• Senior Policy Officer</li> </ul>
22 <sup>nd</sup> of March 2005	University of Western Sydney (UWS)	<ul style="list-style-type: none"> <li>• Former Commissioner of the “Inquiry into the Structure of Local Government in Eight Council Areas in the Inner City and the Eastern Suburbs of Sydney”</li> </ul>
23 <sup>rd</sup> of March 2005	Department of Infrastructure, Planning and Natural Resources (DIPNR)	<ul style="list-style-type: none"> <li>• Executive Director, Metropolitan Land &amp; Resource Planning</li> </ul>
24 <sup>th</sup> of March 2005	Western Sydney Regional Organisation of Councils (WSROC)	<ul style="list-style-type: none"> <li>• Executive Director</li> </ul>



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