

Are You Serious?

The tenuous governance of metro Sydney

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AUSTRALIA



Australia's governance

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



Sydney basics

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



The Haves and Have (Quite a Lot) Less









BARANGAROO POINT

CROWN HOTEL

NEXT STAGE
RESIDENTIAL

INTERNATIONAL TOWERS
T1 T2 T3

CENTRAL

ANADARA
APARTMENTS

RETAIL

ALEXA
APART



University of Sydney.

4km
Sydney CBD.

Green square

ALEXANDRIA

BEACONSFIELD

SURRY HILLS

ZETLAND

South Street






GREATER WESTERN SYDNEY

FAST FACTS GWS

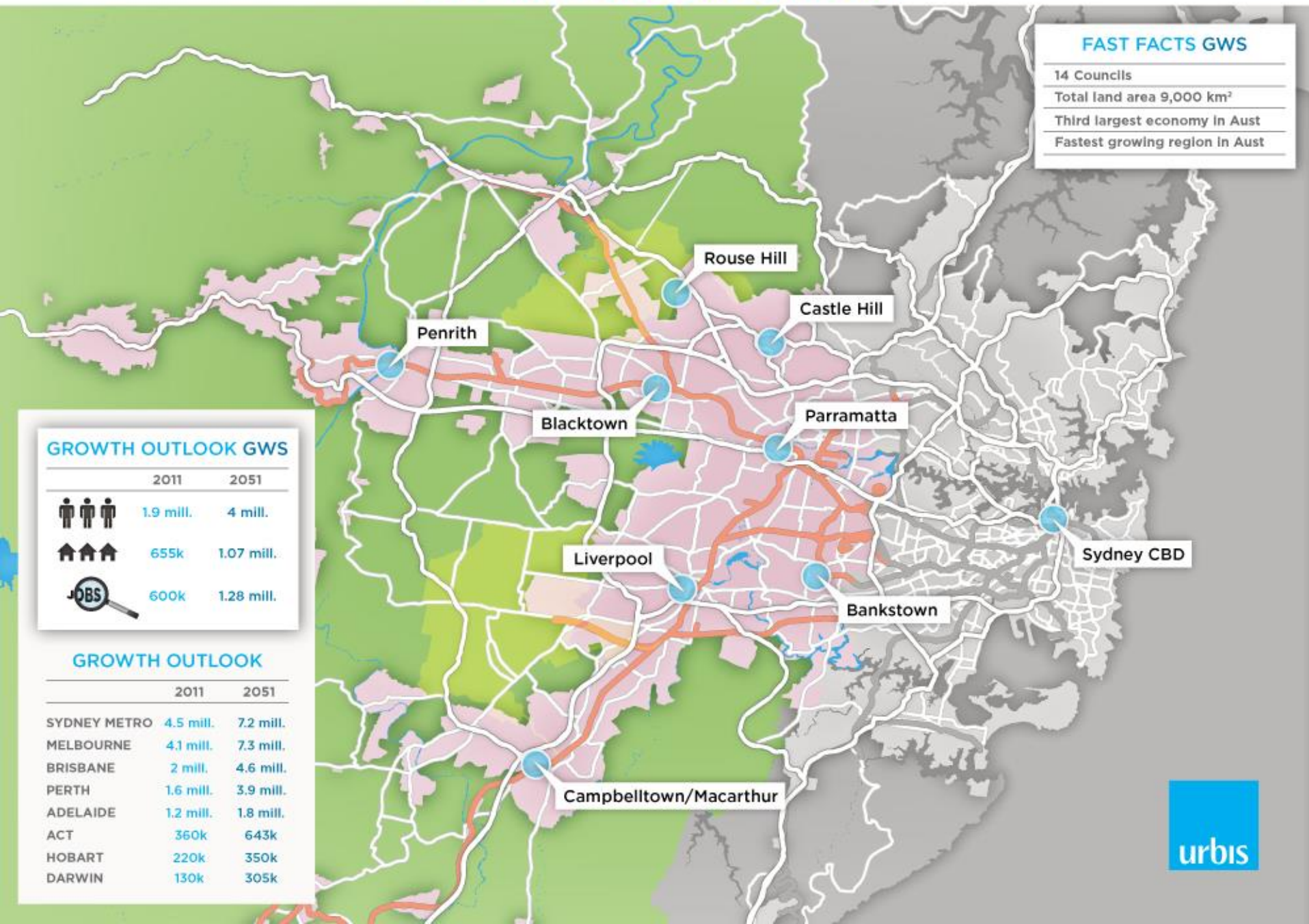
- 14 Councils
- Total land area 9,000 km²
- Third largest economy in Aust
- Fastest growing region in Aust

GROWTH OUTLOOK GWS

	2011	2051
 1.9 mill.	1.9 mill.	4 mill.
 655k	655k	1.07 mill.
 600k	600k	1.28 mill.

GROWTH OUTLOOK

	2011	2051
SYDNEY METRO	4.5 mill.	7.2 mill.
MELBOURNE	4.1 mill.	7.3 mill.
BRISBANE	2 mill.	4.6 mill.
PERTH	1.6 mill.	3.9 mill.
ADELAIDE	1.2 mill.	1.8 mill.
ACT	360k	643k
HOBART	220k	350k
DARWIN	130k	305k









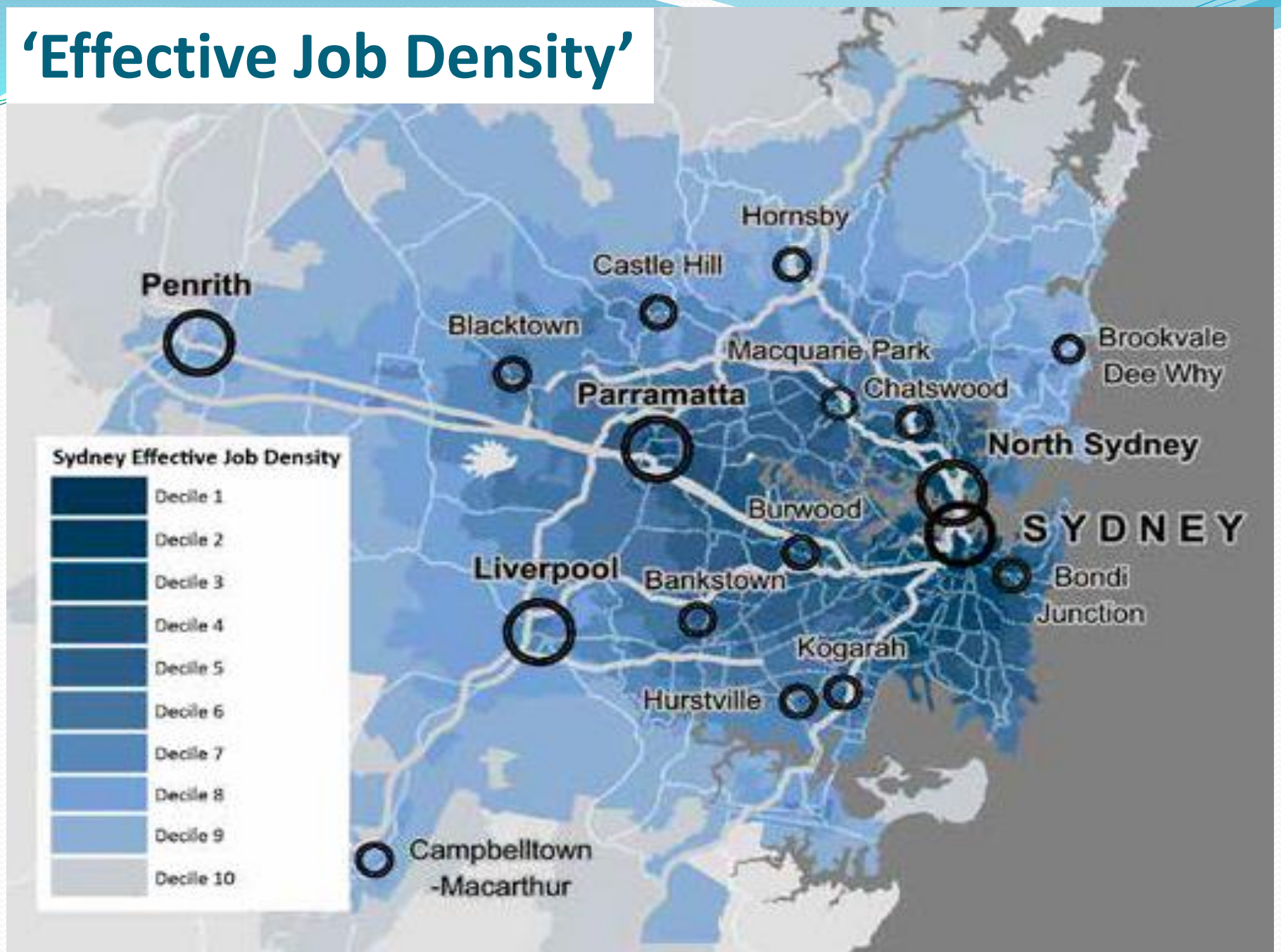


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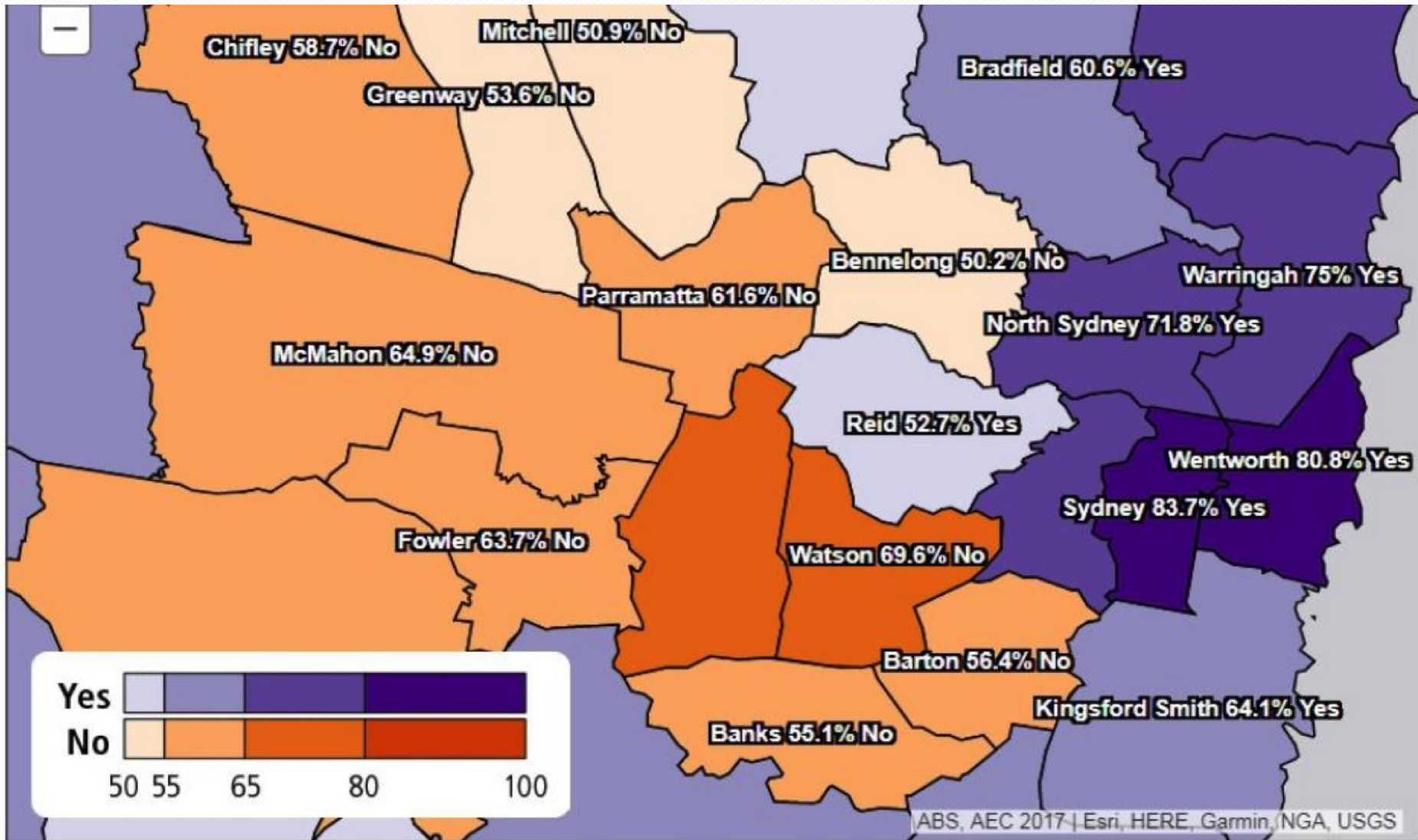
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'Effective Job Density'



Same-sex marriage survey



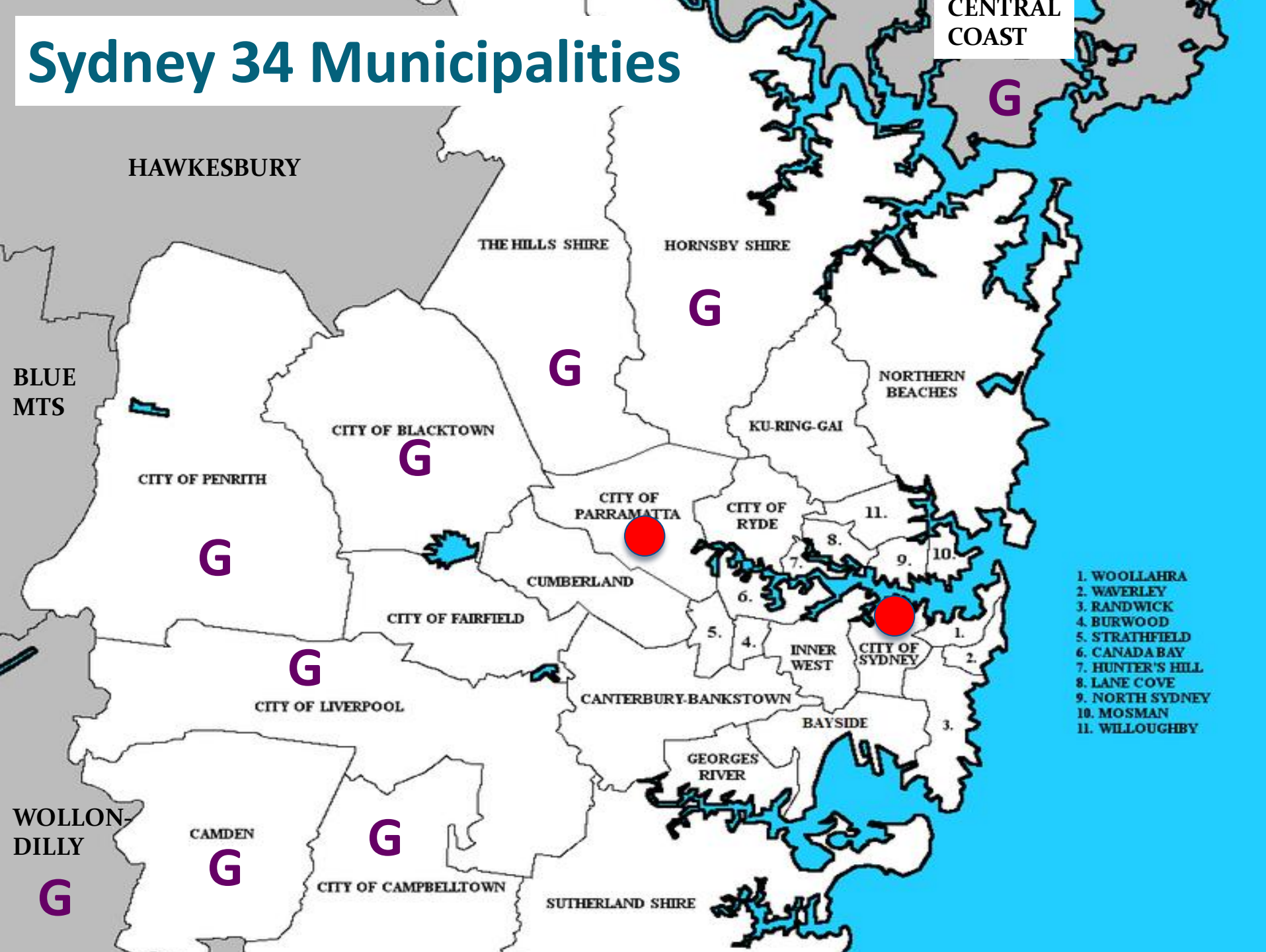
Sydney's metropolitan governance

- Dominated by the State ('the Australian model')
 - Directly manages all key areas of policy and major services
 - *Except* airports, telecommunications, immigration
 - *And* subject to federal financial support/interventions (rare)
- Positives:
 - Potential to take a broad strategic view and integrate
 - Financial capacity for major services and infrastructure
- Negatives:
 - Too much power – lack of dialogue
 - Heavy focus on property development (tax, land sales, donors)
 - Constant distractions (rest of the State, health, education etc)
 - Bureaucratic silos and competing ministries
 - Reluctance to establish a powerful coordinating ministry/agency
 - Limited understanding of local communities, places
 - Local government reduced to a troublesome advocate

Local government

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

Sydney 34 Municipalities



CENTRAL
COAST

G

HAWKESBURY

THE HILLS SHIRE

HORNSBY SHIRE

G

G

NORTHERN
BEACHES

BLUE
MTS

CITY OF BLACKTOWN

KU-RING-GAI

G

CITY OF PENRITH

CITY OF
PARRAMATTA

CITY OF
RYDE

G

CUMBERLAND

11.

1. WOOLLAHRA

2. WAVERLEY

3. RANDWICK

4. BURWOOD

5. STRATHFIELD

6. CANADA BAY

7. HUNTER'S HILL

8. LANE COVE

9. NORTH SYDNEY

10. MOSMAN

11. WILLOUGHBY

CITY OF FAIRFIELD

INNER
WEST

CITY OF
SYDNEY

G

CITY OF LIVERPOOL

CANTERBURY-BANKSTOWN

BAYSIDE

GEORGES
RIVER

CAMDEN

G

CITY OF CAMPBELLTOWN

SUTHERLAND SHIRE

WOLLON-
DILLY

G

G

Greater Sydney Commission

- Established in 2015 to (amongst other things):
 - ‘Lead’ metropolitan planning and prepare draft strategic plans
 - ‘Promote’ orderly, sustainable development and ‘alignment’ with ‘Government infrastructure decision-making’
 - Advise/make recommendations to the Minister (for Planning)
 - Assist local councils (which **MUST** cooperate if asked)
- Membership:
 - 4 Greater Sydney Commissioners (including Chair)
 - 5 District Commissioners
 - Heads of Planning, Transport, Treasury (plus Health and Education sit on Infrastructure Committee)
 - But **NO** representatives of local government as such (even City of Sydney!)
- Is it really anything more than a land use planning agency?

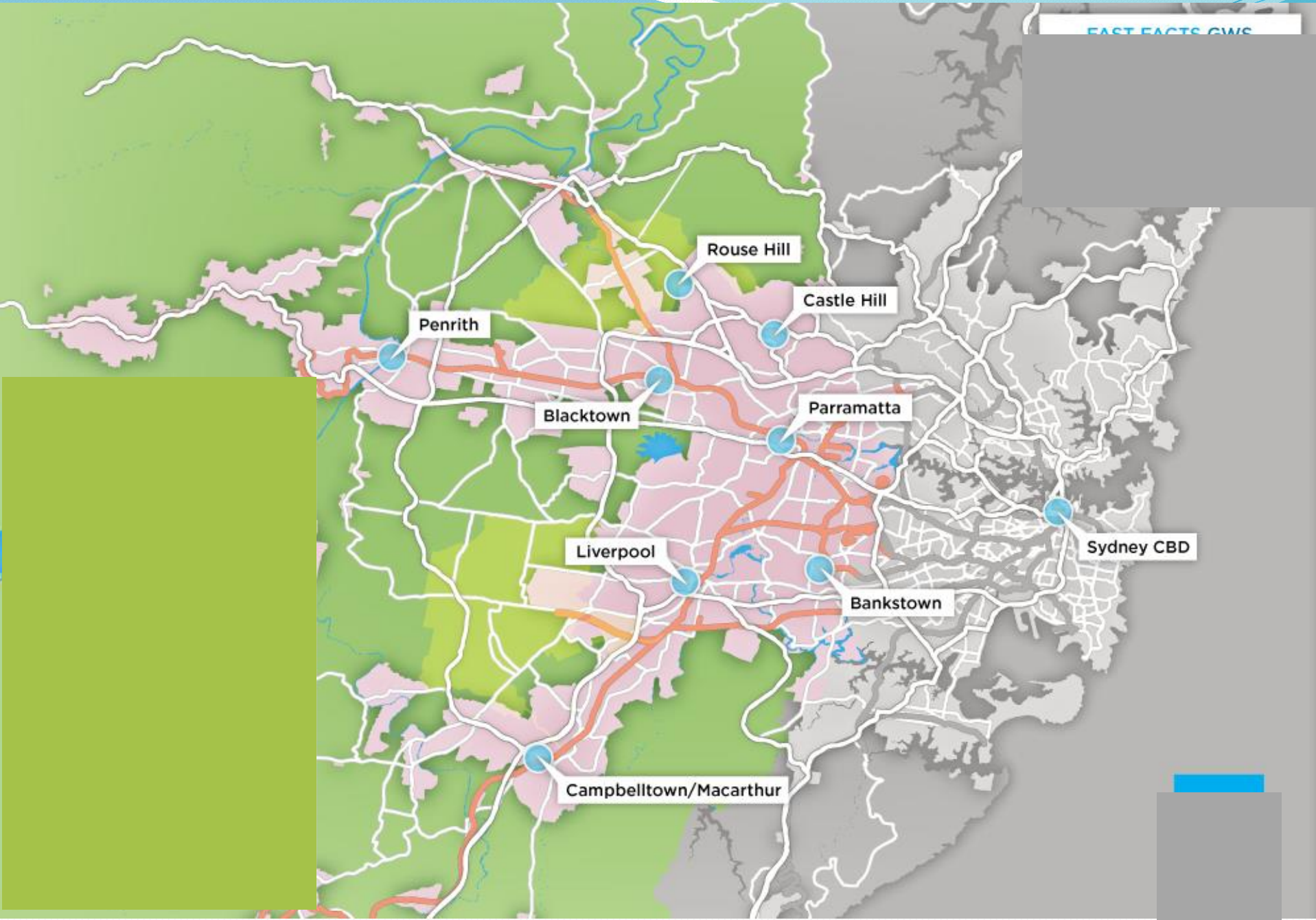


So What's Happening?

Projectitis

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





SYDNEY'S NEW RAILWAY



'WestConnex'

M4 Widening
Start 2015
Completed 2017

M4 East
Start 2016
Completed 2019

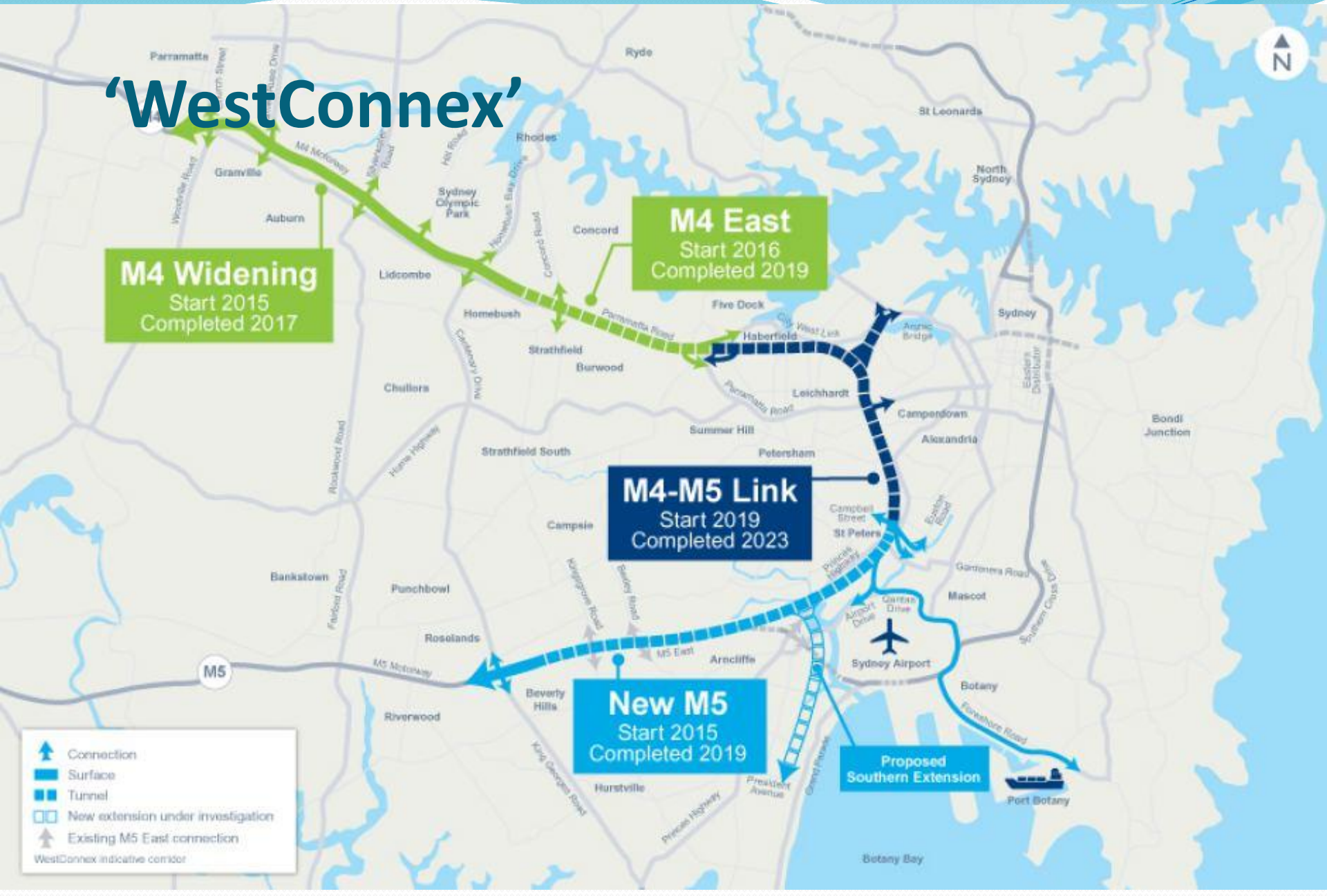
M4-M5 Link
Start 2019
Completed 2023

New M5
Start 2015
Completed 2019

**Proposed
Southern Extension**

- ↑ Connection
- Surface
- Tunnel
- New extension under investigation
- ↑ Existing M5 East connection

WestConnex indicative corridor







- Light rail route
- Light rail alignment
- Light rail tunnel
- Light rail stabling yard
- Light rail stabling yard entry/exit
- Light rail Stop
- Pedestrian zone

The dream



The reality

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



Planning or dangerous 'spin'?

- GSC has produced:

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

- But note:

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

Western Parkland City

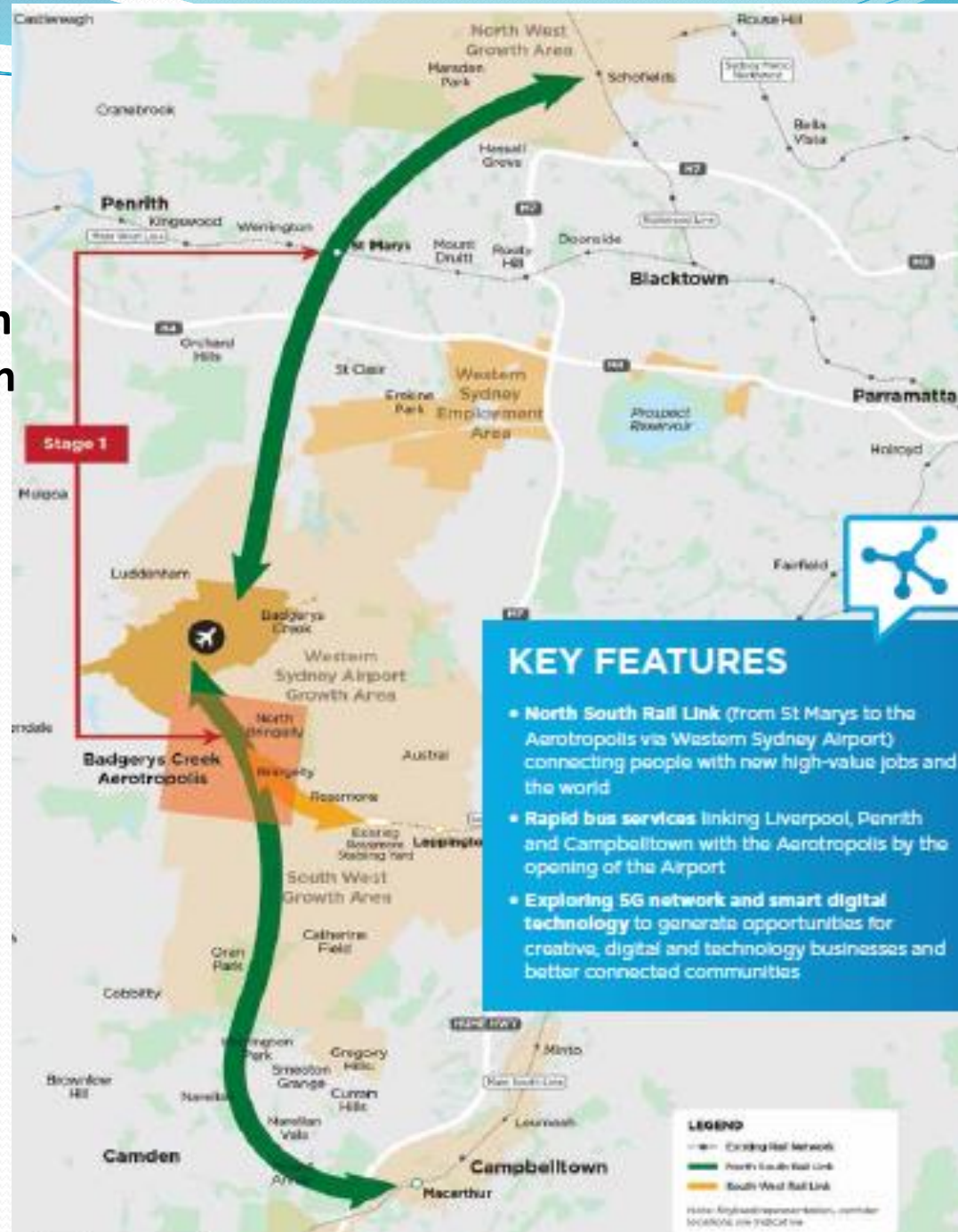
Central River City

Eastern Harbour City

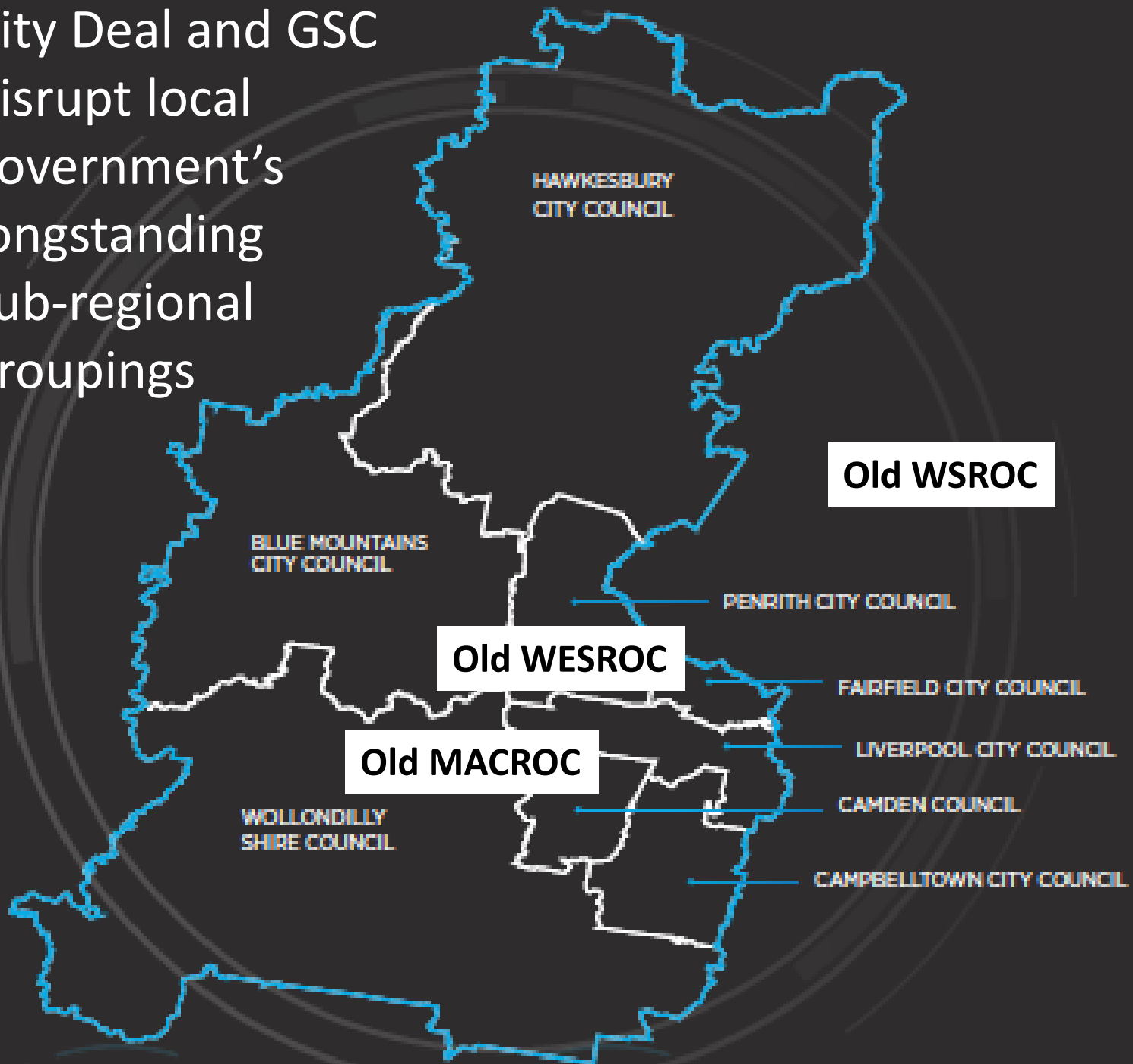


Western Sydney 'City Deal'

- 'Selling' the second airport
- Federal initiative loosely based on UK model, but without devolution
- Announced March 2018
- 20-year Federal-State agreement
- Little detail except:
 - Airport and 'Aerotropolis'
 - Stage 1 rail link (timing?)
 - Road upgrades, fast buses
 - \$150m for local facilities
- Implementation Plan plus 'City Deal Implementation Board' by end 2018
- Marginal role to date for GSC
- Local government involvement unclear



City Deal and GSC
disrupt local
government's
longstanding
sub-regional
groupings







And What's Next?

Renewed calls for governance reform

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

Responding to the challenge

- Sydney is reaching the limits of ‘muddling through’:
 - **Big spending cannot last but meanwhile it obscures the complex socio-economic dynamic and emerging problems**
 - **Current governance/funding frameworks are plainly deficient**
 - **The ball is firmly in the State’s court**
 - **‘Brisbane’ or ‘London’ models are firmly off the table**
- **Region Plan and City Deal must be revisited:**
 - **‘Parkland City’ and ‘Aerotropolis’ are just (well meaning?) spin**
 - **Failure to tackle the reality of an ‘organic’ metropolis (eg the impact of transport projects; the increasingly dominant role of Parramatta in Western Sydney)**
 - **Local detail and implications are largely ignored (‘District’ plans are almost equally vague)**
 - **At present, no guarantee of funding beyond the early 2020s**
 - **No ideas on governance or social/spatial equity**

- Sooner or later State and local government have to find a way of working together and really pooling resources:
 - **State must reform itself to focus *coherently, consistently and honestly* on metro issues – GSC is clearly not enough**
 - **Perhaps a Minister (or appointed regional Mayor) for Sydney and a stronger GSC (revamped as an institution of *governance*)**
 - **Reform of property tax and value capture could be game-changers, as could federal influence (a long shot)**
- Further local government reform is an essential element:
 - **Power imbalance cannot be addressed otherwise**
 - **Fragmentation and diversity are untenable = *some* mergers**
 - **Effective (mandatory?) sub-regional and regional collaboration (linked to representation on revamped GSC)**
 - **New participatory/democratic structures at community level**