

Rethinking governance of the Hobart region

Committee for Greater Hobart

17 | 12 | 2024





Independent
insight.



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SGS Economics and Planning Pty Ltd
ACN 007 437 729
www.sgsep.com.au

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1. Introduction

1.1 Background & purpose

The Committee for Greater Hobart (CfGH) retained SGS to develop this discussion paper on regional governance options for the metropolitan area. Our brief was to:

- Consider experience elsewhere in regional urban governance, including models applied in Auckland, south-east Queensland and Western Sydney, and
- Identify success factors for regional governance that fosters long-term decision making in the public interest.

The Committee was prompted to commission this work by what it sees as structural challenges in strategic planning, infrastructure investment and program co-ordination for the Greater Hobart Region. In producing this paper, CfGH hopes to support (promote and inform) focussed discussion and coalition building around better stewardship of the economic, social and environmental development of the Region.

1.2 The Greater Hobart Region

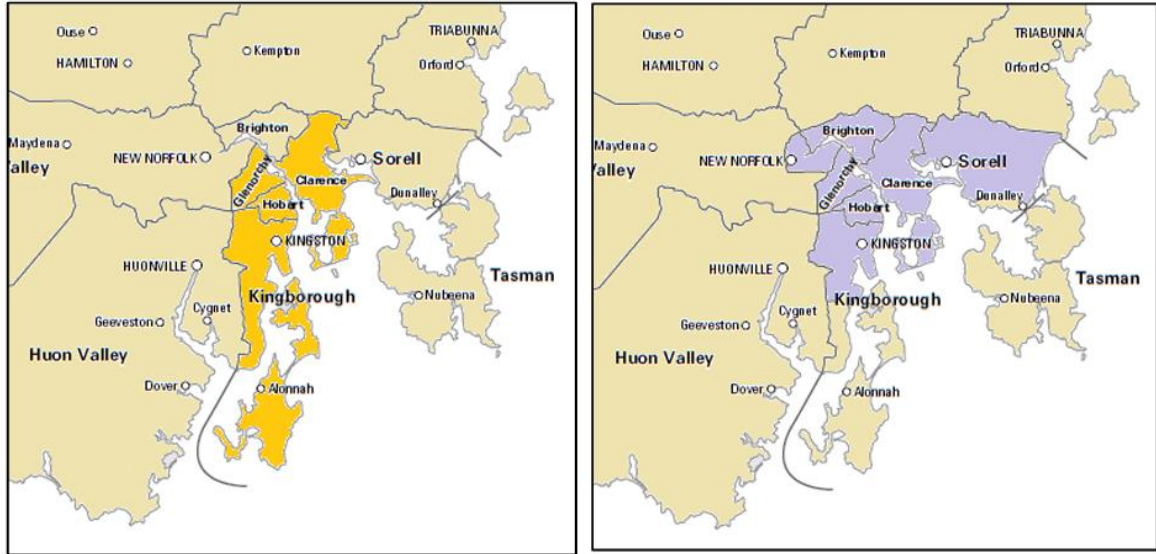
Overview and legislative context

For the purposes of this report, the Greater Hobart Region (GHR) includes the core urban areas of the Clarence, Glenorchy, Hobart, and Kingborough councils and also Brighton, Derwent Valley, Sorell and the Huon Valley as per ABS Greater Capital City Statistical Areas (GCCSA) definition.

This is an important distinction from the definition under the (confusingly named) Greater Hobart Committee and establishing legislation, reflecting the growing connections between Hobart and surrounding communities. *The Greater Hobart Act 2019 covers the four urban councils of Hobart – Clarence, Hobart, Glenorchy and Kingborough* (Figure 1). This legislative and governance framework encourages coordinated planning and collaborative decision making between the Tasmanian Government and the constituent councils and aims to drive strategic development across Greater Hobart, enhancing its appeal as a place to live, work, and conduct business¹ (Figure 2). The Greater Hobart Committee was formed through the City Deal process with the Australian Government but it sits outside of the Tasmanian land use planning system and doesn't include significant neighbouring communities within the ABS GCCSA.

¹ Greater Hobart Committee, 2021. Greater Hobart Area Profile as at March 2021. Available at: https://www.greaterhobart.tas.gov.au/__data/assets/pdf_file/0014/283010/Background_Paper_-_1_Greater_Hobart_Area_Profile_as_at_Mar_2021.pdf [Accessed 4 November 2024].

Figure 1: Greater Hobart - Greater Hobart Act 2019 vs. ABS GCCSA



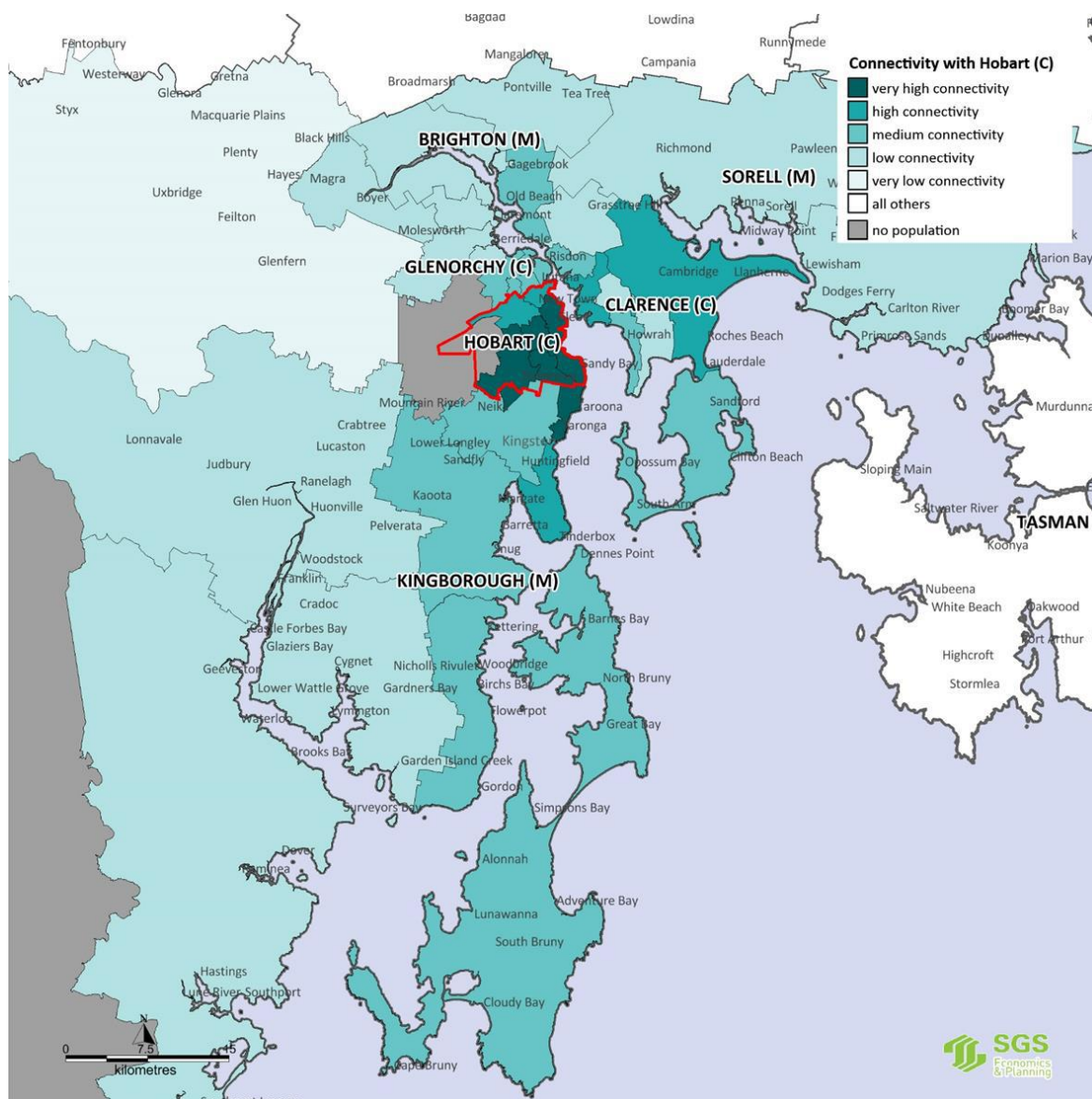
Source: Greater Hobart Committee (2021)

From a functional perspective, the community of Greater Hobart includes the broader spatial definition that includes Brighton, Derwent Valley, Sorell and areas in the west of the Huon Valley (Figure 2). This was established by SGS as part of the functional region analysis in the feasibility study for reform in Greater Hobart².

The region’s influence clearly extends beyond the borders of the four inner councils. Increasingly residents surrounding the region depend on Greater Hobart for employment, health and services, cultural, and recreational activities. Recognising this, the Act includes an opt-in mechanism, allowing other councils in southern Tasmania to participate in relevant planning initiatives, but is still not a comprehensive recognition of the functional aspects for the community of Greater Hobart. Examples include the importance of the Brighton Hub, Copping C-Cell waste facility in Sorell, and the Royal Hobart Hospital for the Region.

² SGS (2017), Greater Hobart: Local Government Reform Feasibility Study. Final report. January 2017. See also the Future of Local Government Review *Final Report* October 2023.

Figure 2: Functional connectivity of geographic areas with Hobart LGA, 2016



Source: SGS (2016)

Population and Dwellings³

According to the 2021 Census,⁴ Greater Hobart’s population reached approximately 247,000, marking an average annual growth rate of 2.1% over the past five years. This rate surpasses Tasmania’s statewide growth rate of around 0.7% over the same period but is somewhat below major Australian cities such as Melbourne, which recorded a 2.3% growth rate. While Greater Hobart’s growth is slower than larger capitals, it is still strong within the Tasmanian context and comparable to mid-sized Australian capitals.

³ For the statistical analysis it was needed to align with the statistical area’s definition of Greater Hobart

⁴ <https://www.abs.gov.au/census/find-census-data/quickstats/2021/6GHOB>

The region comprises around 106,000 private dwellings, with an average household size of 2.4 people. This suggests a mix of family-sized housing and smaller, more affordable units catering to a diverse population base, likely driven by both population growth and urbanisation. It is worth noting that inward migration has seen a decline over the past two years which can partly be attributed to declining housing supply and liveability.

Economic Activity in GHR and Share of Tasmanian Gross State Product (GSP)⁵

GHR accounts for approximately 44% of Tasmania's GSP, reflecting its position as the State's key commercial centre. The concentration of economic activity in Hobart aligns with its status as Tasmania's primary urban centre, hosting major business, governmental, educational, and health institutions.

Health care and social assistance (16.8%), *Public administration and safety* (10.0%), and *Education and training* (9.4%) are the most prominent sectors by value. GHR's industry profile contrasts with other Australian capitals, where finance, insurance, and professional services tend to dominate. GHR's economy is less diversified than other capitals, focusing heavily on public sector employment, healthcare, and education. This concentration reflects the city's role as the state's administrative and service-oriented centre, with fewer private-sector corporate headquarters compared to larger cities like Sydney or Melbourne.

In terms of the strength of year-on-year employment growth up to February 2024,⁶ two sectors were noteworthy:

- *Health care and social assistance* grew by 11.2%, reaching 25,400 employees.
- *Public administration and safety* experienced a 13.2% rise, totalling 15,400 employees.

Education and training grew at a more modest pace (2.3%) but it remains a major sector in absolute terms with a workforce of 14,300.

Regional comparative advantage

The Location Quotient (LQ) is an indicator used to show the level of concentration of a particular industry within a region compared to a broader geography. It helps identify industries where a region has a competitive advantage or specialisation. A high LQ (greater than 1) indicates that the region has a higher concentration of employment in that industry compared to the State or nation as a whole. This implies that the industry in question enjoys a comparative advantage; the 'excess capacity' is supported by sales to customers beyond the local region, leveraging local competitive strengths including, potentially, lower production costs, availability of superior skills, resources or presence of key institutions such as universities and research institutions.

Taking the State (Tasmania) as the comparison region, Figure 3 demonstrates distinct competitive advantages for GHR in public administration, healthcare, and education. *Public administration and safety* stands out with a high LQ near 2.0 and a steady employment growth rate of 2.4% from 2016 to

⁵ The data below captures the economic contribution of the four main LGAs of Hobart, Kingborough, Glenorchy and Clarence as defined by the Greater Hobart Committee

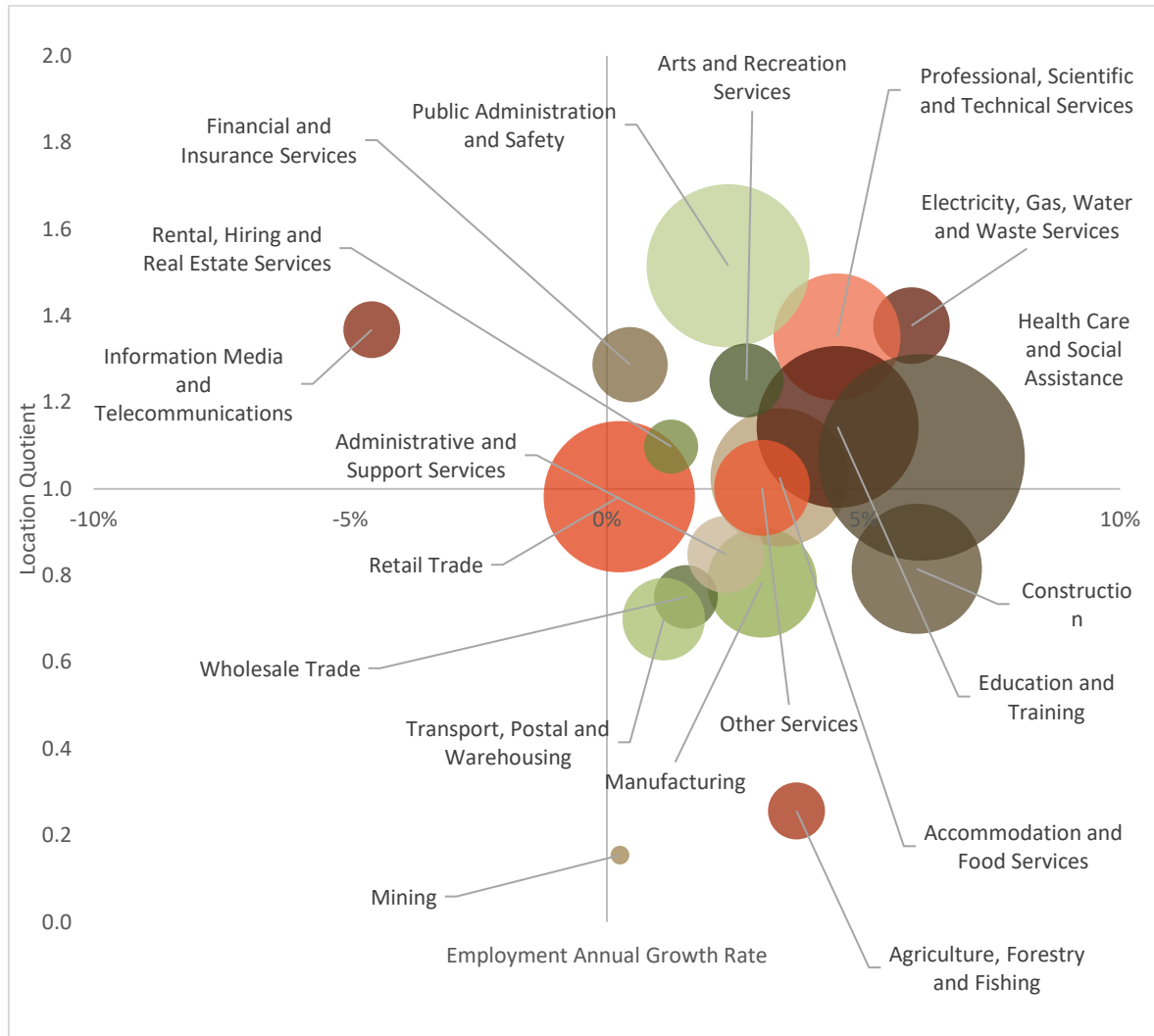
⁶ <https://www.jobsandskills.gov.au/sites/default/files/2024-04/Industry%20Profile%20-%20Hobart%20and%20Southern%20Tasmania.pdf>

2021. *Health care and social assistance*, with an impressive employment growth rate of 6.1% (2016 to 2021) and a substantial LQ, is another key sector, cementing Hobart as a healthcare hub for the State. *Education and training*, driven by institutions like the University of Tasmania and TAFE, also shows strong regional importance with an LQ above 1.0 and a solid 4.5% growth rate.

Industries supporting GHR's growing population, such as *Construction* and essential services like *Electricity, gas, water, and waste services*, also have seen substantial growth on the back of sustained population growth from 2016 to 2021. Construction had a robust growth rate of 6.0% and a balanced LQ, reflecting demand for new infrastructure and housing amid regional growth. Utilities have a similarly high growth rate of 5.9% and above-average concentration, underscoring investments in essential services to support the region's development. *Arts and recreation services*, with an LQ above 1.0 and growth at 2.7%, reflects GHR's cultural and lifestyle appeal, adding to its unique regional character.

In contrast, sectors like *Information media and telecommunications*, *Retail trade*, and *Mining* show lower LQs and, in some cases, negative growth rates, indicating limited roles in GHR's economy. *Information media and telecommunications*, while slightly concentrated, has declined by -4.6%, likely impacted by shifts toward digital media. *Retail trade and wholesale trade* have had below-average LQs and low or negative growth rates, reflecting the influence of e-commerce on traditional retail and distribution channels. *Mining*, with minimal employment and a low LQ, is unsurprisingly minor in this urban region.

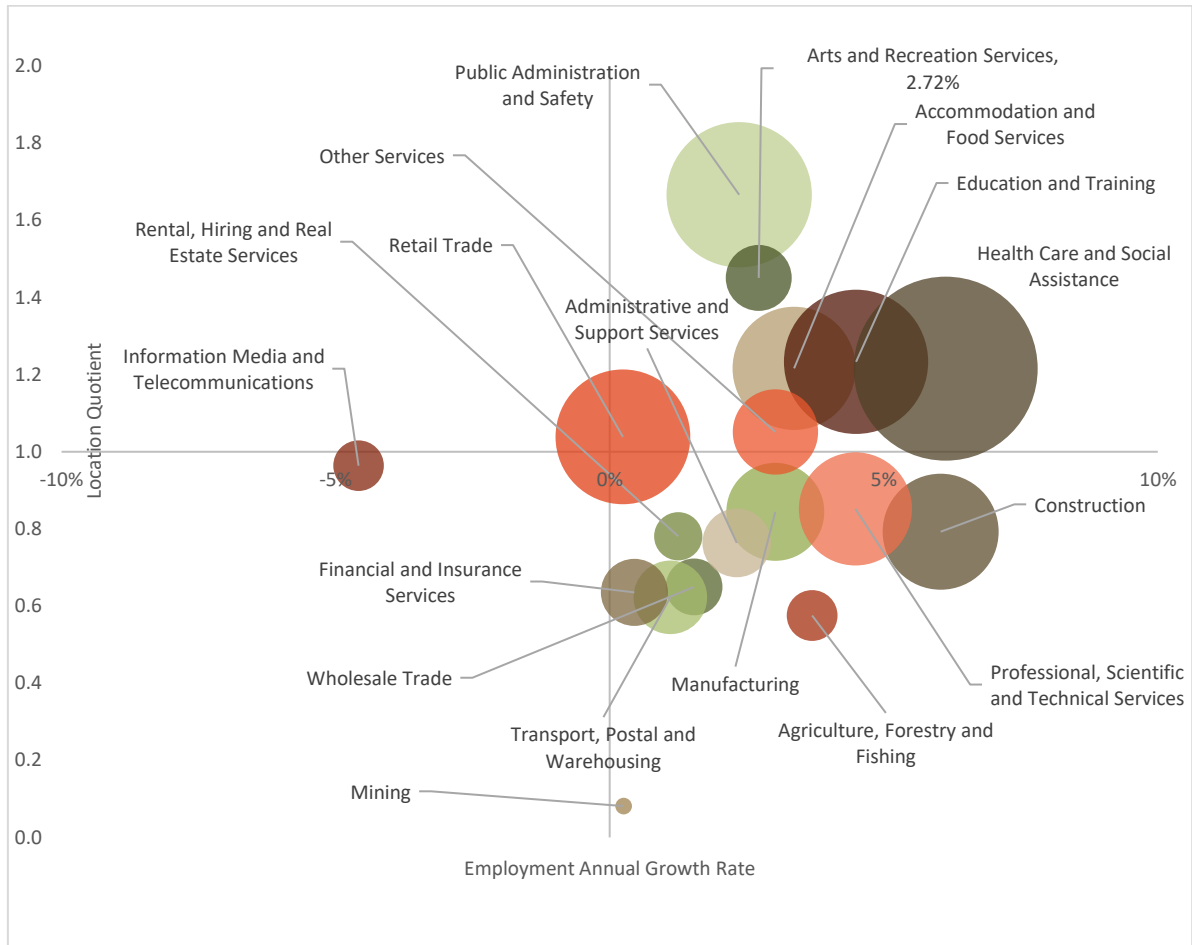
Figure 3: LQ of Greater Hobart (relative to Tasmania) and change in employment (in %), 2016 to 2021



Source: SGS Economics and Planning (2024). Note Size of the bubble denotes the number of jobs. Based on ABS Census, 2021

When comparing GHR to the Australian economy, a similar pattern is evident. This is shown in Figure 4. Several sectors show strong competitive advantages, particularly *Public administration and safety*, *Health care and social assistance*, and *Education and training*.

Figure 4: LQ of Greater Hobart (relative to Australia) and change in employment (in %), 2016 to 2016



Source: SGS Economics and Planning (2024). Note Size of the bubble denotes the number of jobs

While the GHR has clear strengths, its specialisations are overwhelmingly underwritten by public sector spending. Private sector export businesses, with the exception of those geared to tourism, are notably under-represented in the region’s economic profile (see following chart).

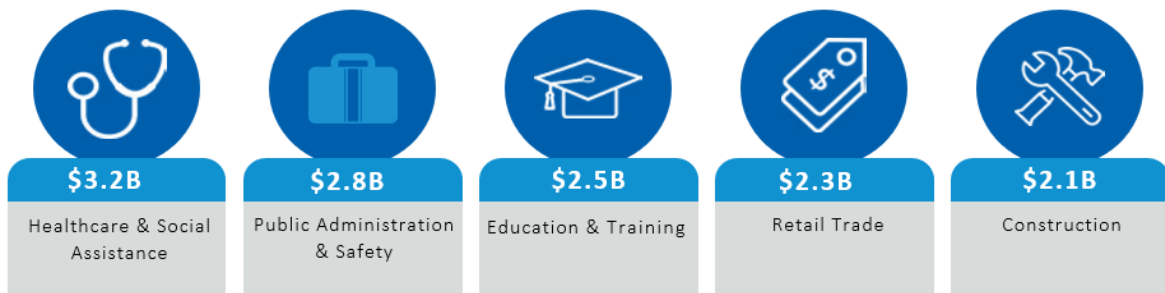
Overall, the LQ analysis shows that Hobart makes a strong contribution to Tasmania’s total economy. It’s importance to the economic success of Tasmania as a whole is an argument in favour of ensuring that it’s economic future is planned for and supported as a well-functioning and cohesive region.

Greater Hobart Regional Economy at a glance

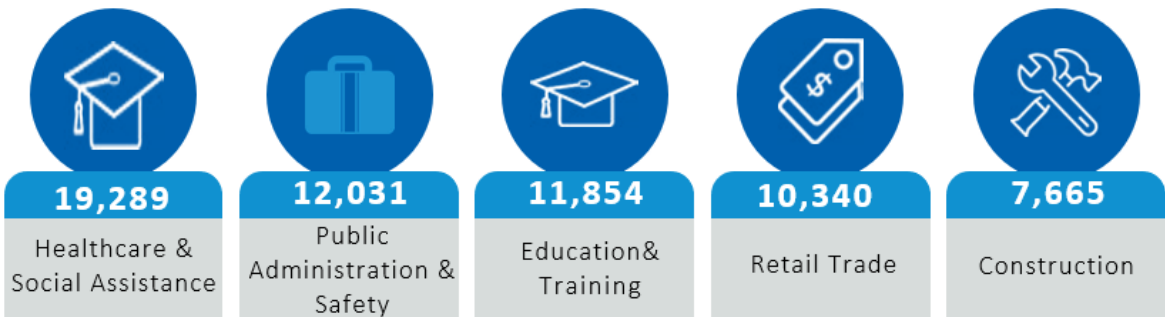


Top 5 sectors

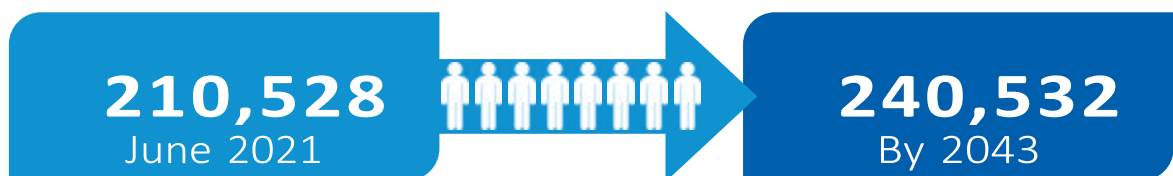
Economic Contribution (2021)



Employment (number of jobs, 2021)



GHR population



Source: 2021 Statistics from ABS Census, 2041 from Tasmanian Dept of Treasury and Finance Interim 2022 Rebased Population Projections.⁷

⁷ https://www.greaterhobart.tas.gov.au/_data/assets/pdf_file/0019/433018/Snapshot_-_Population_Projections.pdf

Workforce



Source: SGS calculation based on ABS table builder 2021 Census data.

Tourism 2022-2023



Source: 2023 Statistics from State Growth Tasmania

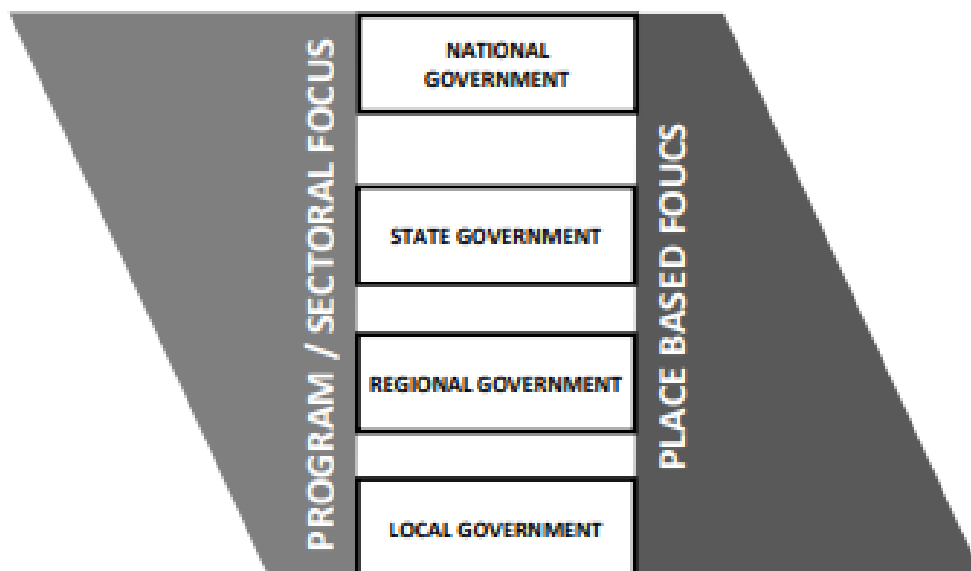
1.3 What is regional governance?

‘Regional governance’ relates to institutional, fiscal and administrative arrangements by which public policy decisions are made in the interests of that sphere of community which sits between the local (municipality) and the State (Tasmania).

Residents and businesses in the GHR obviously share a community of interest with all other Tasmanians when it comes to services like health, education and policing, and statewide policy settings around tax, economic development and federal government relations. At the same time, these residents and businesses will have a local community affiliation which is under the stewardship of their respective councils. These take care of issues and services of local significance including residential amenity, open space, active transport networks, local retail and so on.

Residents and businesses also have shared interests at the regional level which are distinct from those at the State and local levels but for which, in Australia at least, there is no consistent governance institution. These interests include overall spatial planning, the regional water cycle management system, regional public open space, regional community services such as healthcare networks and higher education, regional economic development, including investment attraction and supply chain optimisation, and regional transport.

These regional matters do not naturally align to the governance competencies of either the State or local Councils. As noted, State Government is mandated to deliver services like health, education and policing to a broadly consistent standard regardless of location and community characteristics. This supports scale efficiencies but can also lead to working in silos which are not particularly in tune with regional differences and needs. Meanwhile, Councils are defined by their highly place based focus, which, perhaps unjustly, may be characterised as ‘parochialism’. This also does not suit decision making in the best interests of the region.



In principle, there is a need for a governance 'solution' that attends specifically to the regional community of interest. The question is, what form should this take?

1.4 Structure of this report

Section 2 of this report explains why the Tasmanian and Greater Hobart communities should be concerned about the efficacy of regional governance. This includes discussion of the costs to productivity, liveability and sustainability arising from poor or patchy regional governance.

Based on a distillation of the international literature, Section 3 presents three foundation principles for good regional governance. These address **subsidiarity**, **fiscal autonomy** and **democratic accountability**.

Section 4 presents a selection of contemporary and historic regional governance models that have been applied in Australia and comparable jurisdictions. These are assessed against the three best practice principles with a view to deriving key lessons for the GHR.

Finally, in Section 5, the paper canvasses some potential directions for reform of governance in the GHR.

2. The case for reform

2.1 Models of regional or metropolitan governance

Improved regional governance can be achieved through a variety of approaches, depending on local circumstances.

Consolidation of local governments into regional democratically mandated entities is one approach. Examples may be found in Brisbane in Australia, Auckland in New Zealand, and many places across North America (e.g., Philadelphia, New York City, Calgary, Halifax or Sudbury). Another approach is the creation of a multi-purpose regional authority to function over the top of local governments (and below state governments) that coordinate and/or carry out planning and delivery of infrastructure and services across a region, such as in Vancouver (Metro Vancouver).⁸ A third approach includes more limited single-purpose regional authorities that handle services such as transit, economic development, or utilities,⁹ which are usually more technically administrative than political.¹⁰ Cooperation between levels of government that includes co-investment is another potential approach to metropolitan governance.

More informal, voluntary, arrangements where councils collaborate are also common across Australia and in Tasmania in particular. However, these are typically created to advocate to state governments and many are for specific interests and generally do not have strong powers.¹¹ Critics of cooperative/voluntary arrangements cite a range of other shortcomings including parochial attitudes trumping shared regional interests, a tendency to focus on non-controversial issues, and a lack of legitimacy.¹²

2.2 Challenges with fragmented governance

There are a range of challenges associated with a lack of regional governance arrangements due either to the fragmented nature of independent local governments or the top-down oversight of local matters by state governments.

This section discusses the problems and costs for the greater Hobart and Tasmanian communities arising from poor governance arrangements in the GHR. Eight problems that can be anticipated are:

- Fragmented decision and higher costs in delivery of public benefits and services.

⁸ Boyle, R. (2016) Re-shaping local government – Overview of selected international experience with local government reorganization, mergers, amalgamations and coordination, *Local Government Research Series*, no. 10, Institute of Public Administration, https://www.ipa.ie/_fileUpload/Documents/IPA%20LGR%2010%20web.pdf

⁹ Taylor, Z. (2022) Regionalism from above: intergovernmental relations in Canadian metropolitan governance, *Commonwealth Journal of Local Governance*, Issue 26, <https://orcid.org/0000-0001-9372-2704>

¹⁰ Tomas, M (2020), Models of metropolitan governance, Metro Polis, https://www.metropolis.org/sites/default/files/resources/m1-_final.pdf

¹¹ Butt, A., Kroen, A., Steele, W. and Dühr, S. (2021) Local government co-ordination: metropolitan governance in twenty-first century Australia, AHURI Final Report No. 352, Australian Housing and Urban Research Institute Limited, Melbourne.

¹² Butt, A., Kroen, A., Steele, W. and Dühr, S. (2021)

- Fragmentation can lead to a lack of consistency and ambition in regional spatial strategy such as housing, transportation, or environmental sustainability.
- Delays and uncertainty in major capital investments.
- Lack of capacity for public sector led urban consolidation.
- Erosion of trust in government.
- Reduced capacity to manage population growth and demographic change including the ability to attract and retain migrants.
- Unsatisfactory engagement with First Nations peoples.
- Unsatisfactory engagement with key demographic cohorts facing significant challenges including youth and older people.

These problems are outlined below.

Fragmented decision and higher costs in delivery of public benefits and services

Providing services and addressing challenges of a regional nature can be hampered by fragmented decision making that requires the agreement of multiple local governments. This is due to the number and diversity of public sector agencies and Councils that need to be brought into the decision making process to agree on goals and outcomes. This fragmentation can not only add to the financial costs of projects and initiatives but compromise their delivery and success over time. In addition to the geographically and institutionally complex nature of issues such as climate change, transport networks or circular economies,¹³ responses to these challenges typically take longer to resolve than a political cycle of four years. Consistent policy making with a long term focus is difficult under these circumstances.

Studies of the cost of municipal fragmentation across OECD regions have shown that the more urbanised the region, the more that fragmentation hinders GDP growth.¹⁴ Cost savings resulting from the formation of Auckland's 'Super Council' were reported at \$81 million in its first year.¹⁵ However, the gains in efficiency through less fragmented, more centralised decision making can be dependent on how well the reforms are designed and implemented.¹⁶ For example, political and community resistance to consolidating government at the local level can be significant. Recent reforms suggest a more nuanced and sophisticated approach that seeks consolidation in areas where localism is less crucial (or where the benefits of regional consolidation provide benefits too good to ignore), and redirecting the beneficial outcomes back into local, place-based approaches.¹⁷

¹³ Butt, A., Kroen, A., Steele, W. and Dühr, S. (2021) Local government co-ordination: metropolitan governance in twenty-first century Australia, AHURI Final Report No. 352, Australian Housing and Urban Research Institute Limited, Melbourne.

¹⁴ Bartolini, D. (2015) Municipal Fragmentation and Economic Performance of OECD TL2 Regions, OECD, https://www.oecd-ilibrary.org/municipal-fragmentation-and-economic-performance-of-oecd-tl2-regions_5jrxqs60st5h.pdf

¹⁵ Boyle, R. (2016) Re-shaping local government – Overview of selected international experience with local government reorganization, mergers, amalgamations and coordination, *Local Government Research Series*, no. 10, Institute of Public Administration, https://www.ipa.ie/_fileUpload/Documents/IPA%20LGR%2010%20web.pdf

¹⁶ Steiner, R., Kaiser, C., Tapscott, C., Navarro, C. (2018) "Is local always better? Strengths and limitations of local governance for service delivery", *International Journal of Public Sector Management*, Vol. 31 Issue: 4, pp.394-409, <https://doi.org/10.1108/IJPSM-05-2018-226>

¹⁷ Tasmanian Policy Exchange (2022) National and international trends in local government and their relevance to Tasmania, Future of Local Government, Review background research paper no. 2, University of Tasmania.

Fragmentation can lead to a lack of consistency and ambition in regional spatial strategy

The urban sprawl which is likely to characterise development in the Hobart region under current regional governance arrangements may not optimise social, environmental and economic benefits for the community. The first Southern Tasmanian Regional Land Use Strategy (STRLUS) is a regional plan that guides spatial development strategically. However, it was never accompanied with resourced implementation plans, governance or funding.¹⁸ As there is no current settled long term spatial plan with committed funding, major ‘city shaping’ investments such as highway upgrades and major public transport improvements may not be used to best effect. Also, the lack of development sequencing in line with a preferred regional spatial plan may lead to higher costs in the provision of reactive, ‘follower infrastructure’, such as schools and health services. More generally, Hobartians and the Tasmanian community may be foregoing the agglomeration and travel time benefits that would accrue from a more compact development pattern at the regional level. Without a wider regional spatial strategy, urban consolidation and intensification runs the risk of occurring incrementally and opportunistically.¹⁹ In fact, research by SGS modelled for the Department of Premier and Cabinet and the Greater Hobart Councils the foregone benefits in transport, tourism, infrastructure provisioning, health and environment to be in the order of hundreds of millions.²⁰

The NSW Productivity Commission report on housing supply challenges outlines a range of undesirable outcomes that can result when settlement and infrastructure strategies are not strategically coordinated. Fragmentated planning and policy across regions can give rise to unnecessary urban sprawl that is more costly to service, result in longer commute times, and development that are often under-provisioned with social infrastructure as they build-out; higher land costs resulting from restrictive zoning and uncoordinated planning; and potentially causing a mismatch between where housing demand and available supply are located.²¹

A consolidated regional governance structure can realise better coordination horizontally across local government areas and the various departments (e.g., transport, housing, utilities, environment, etc.), and vertically across local, state and federal governments.²² It can create long-term strategies that consider interdependent relationships between already complex domains (such as integrating housing delivery with transport across the region), with critical input and involvement at the local level.²³ If vested with decision making powers a regional governing body can help coordinate the planning and delivery of the complex and long-term actions of these strategies.²⁴ It can also lead to more considered and democratic decision making through a more nuanced understanding of the regional versus local needs of all residents.

¹⁸ STRLUS is currently being updated. STRLUS has status in the land use planning system. It is not supported by a funding cycle for investment in infrastructure and projects.

¹⁹ AHURI (2020), Managing the development, redevelopment and allocation of land for different uses in Australia’s cities, <https://www.ahuri.edu.au/analysis/brief/managing-development-redevelopment-and-allocation-land-different-uses-australias-cities>

²⁰ SGS (2017), Greater Hobart: Local Government Reform Feasibility Study. Final report. January 2017

²¹ NSW Productivity and Equality Commission (2024), Review of housing supply challenges and policy options for New South Wales – Final report, https://www.productivity.nsw.gov.au/sites/default/files/2024-11/20241114_NSW-PEC-report-Review-of-housing-supply-challenges-and-policy-options-for-New-South-Wales.pdf

²² Sansom, G. (2024) Changing Patterns of Governance in Metropolitan Regions: Australian and Canadian Perspectives, *Institute on Municipal Finance and Governance (IMFG)*, https://imfg.org/research/doc/?doc_id=622

²³ United Nations (2008) Spatial Planning - Key Instrument for Development and Effective Governance, https://unece.org/fileadmin/DAM/hlm/documents/Publications/spatial_planning.e.pdf

²⁴ Tasmanian Policy Exchange (2022) National and international trends in local government and their relevance to Tasmania, Future of Local Government, Review background research paper no. 2, University of Tasmania.

Delays and uncertainty in major capital investments

The lack of a legitimate forum to resolve, implement and resource a preferred spatial strategy also means that major investments (for instance, strategic transit corridors, university campuses, arterial level roads and bridges etc.) are subject to added controversy and risk. The lack of a centralised steering authority runs the risk of regional-scale problems not being addressed through cooperative networks,²⁵ which can result in protracted decision making and costly community angst.

A striking example is the Sydney Metro Rail Line, which, while ultimately delivered, saw years of delays and extraordinary cost blowouts. These, at least partially, were attributed to “poorly/partially coordinated infrastructure planning efforts between multiple Government Agencies, and an ambiguity of decision making authority across Government (which imperils the ability to maximise integrated customer and community benefits)”, as well as “some avoidable matters relating to sub-optimal and delayed decision making, arising in part from complex, complicated & lengthy governance arrangements; and disjointed planning & delivery efforts.”²⁶

Recommendations coming out of the Sydney Metro Independent Review included:

- “That the NSW Government should note the extensive current ambiguities and complex governance relating to Whole-of-Government planning & delivery of Place-based infrastructure investments, which may imperil timely and integrated alignment of transport, housing, health, education, utilities, and community outcomes”
- “For future megaproject investment decisions, that the NSW Government should consider better clarifying cross-Agency responsibilities and contributions to Outcomes at the time of Investment.”

These are challenges that a well-designed and streamlined regional governance body can improve through the coordination of roles and responsibilities across all three levels of government and other statutory bodies, while keeping an eye on concerns at the local level.

While these benefits can be realised through a well-designed and implemented regional governance model, mechanisms to ensure transparency and accountability need to be built into the governance model. Regional governing bodies are not immune to inefficiency and dysfunction. They can also be prone to significant cost overruns and delays if, for example, there is no direct accountability to taxpayers, as has been claimed recently in the case of Metro Vancouver.²⁷

Lack of capacity for public sector led urban consolidation

Urban consolidation in metropolitan areas often takes the form of complex and large-scale development that must directly or indirectly consider a range of inputs such as housing, employment, transportation, the environment, and social infrastructure, which all takes shape in a contested social

²⁵ Butt, A., Kroen, A., Steele, W. and Dühr, S. (2021) Local government co-ordination: metropolitan governance in twenty-first century Australia, AHURI Final Report No. 352, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/352>, doi: 10.18408/ahuri5323001.

²⁶ Sydney Metro Independent Review Interim Report (2023), <https://www.sydneymetro.info/media/document/35771>

²⁷ Kotyk, A., ‘Should Metro Vancouver’s board be elected? City councillors call for review of governance’, June 6, 2024, *CTV News Vancouver*, <https://bc.ctvnews.ca/should-metro-vancouver-s-board-be-elected-city-councillors-call-for-review-of-governance-1.6915043>; Rantanen, M, ‘Metro Vancouver governance under scrutiny at Richmond city council’, July 19, 2024, *Richmond News RN*, <https://www.richmond-news.com/local-news/metro-vancouver-governance-under-scrutiny-at-richmond-city-council-9245374>

and political landscape.²⁸ This development should be directed to locations and in forms that best support the intensification of land use for the long-term wellbeing of the region. Capital investment, on the other hand, particularly from the private market, will typically go where investment realises the best financial return, which are not always in the locations that support the outcomes laid out in strategic spatial planning or that achieve equitable wellbeing outcomes.

Local governments have limited institutional and financial capacity to support the direction of investment at a regional scale. Fragmented governance arrangements can result in a lack of coordination for more strategic development and often result in managing one-off development proposals instead.²⁹ Large infrastructure projects also typically have significant state or federal government input both in terms of the approval process and financial backing, but also often involve state-owned land and involve state operated entities, such as TasWater and Homes Tasmania. Coordinating this, as well as the assembly of any privately owned land, is challenging for local governments to oversee. A compounding factor is that Tasmania is the only state or territory in Australia that does not have a government-owned land development corporation to assemble fragmented land and derisk urban (re-)development. Reflecting these challenges, Infrastructure Australia recommends that:³⁰

- Governance arrangements should have appropriate funding, resourcing, and accountability structures with clearly defined roles and responsibilities.
- In areas of higher growth, state governments should work with local governments to establish properly resourced governance arrangements that are highly representative of the local community and consider the full range of economic and social infrastructure required at a ‘place’ level.
- The Australian Government should continue to prioritise long-term metropolitan governance reform to ensure progress on inter-governmental collaboration.

Relating to housing, without certainty around strategic government directions and a clear vision for growth for Greater Hobart, together with a lack of substantial urban redevelopment sites, there is no clear direction and pipeline for urban redevelopment sites in Greater Hobart. As such, the sector is unprepared for delivering substantial residential diversity outcomes. For example, the ownership of land along the Northern Transit corridor is fragmented in many places with the obvious exception of Macquarie Point. Tasmania is the only jurisdiction in Australia that does not have a government-owned land organisation (GLO) that owns and configures fragmented and underused urban land for redevelopment. A GLO would be able to purchase and amalgamate land, make areas development ready and then release (sell) the land according to a strategic and sequenced approach.

A regional governance model, either through promoting the assemblage/merger of local governments (such as Auckland Council), statutorily constituted authorities that coordinate and deliver the planning and development of a region (such as Metro Vancouver), and to a lesser degree via regional authorities that coordinate services across municipalities, is better equipped to assemble and coordinate state agencies and funding with local government needs and interests. Having both a regional focus and

²⁸ Ruming, K. (2014) Urban consolidation, strategic planning and community opposition in Sydney, Australia: Unpacking policy knowledge and public perceptions, *Land Use Policy*, vol 39, pp. 254-265, <https://doi.org/10.1016/j.landusepol.2014.02.010>

²⁹ Infrastructure Australia (2018), Planning Liveable Cities, https://www.infrastructureaustralia.gov.au/sites/default/files/2019-06/ifa_225232_planning_liveable_cities_report_2018_fa_web_hr.pdf

³⁰ Infrastructure Australia (2018)

regional legitimacy and authority formalised in a regional strategic and spatial plan, would harmonise policies and legislation. It can provide a more proactive alignment of services that are required for pulling together complex urban consolidation projects.³¹

Attracting capital, whether private (e.g., Public Private Partnerships) or from state or Federal government funding may be enhanced by better coordinated and larger scale plans at the regional level. This is particularly so by comparison with local governments seeking to independently attract funding from the same sources.

The Department of Premier and Cabinet has recently released the Tasmanian Government's response to the Future of Local Government Review (FoLGR) which involves its Local Government Priority Reform Program 2024-26. This program has five priorities, the fifth of which is '*facilitating council and community-led structural reform*'. This includes amalgamations, and for which 'the Government has committed to support interested councils to scope, develop, and refine detailed proposals for structural reform studies'.³²

Erosion of trust in government

The absence of an effective regional governance forum means that State Government will be regularly obliged to 'step in' to resolve planning policy and development approvals of regional significance. However, because the State Government is not 'of the region' its interventions are prone to resistance by parties alleging a central government is meddling in local matters beyond its competence. This has been the recent Tasmanian experience in relation to Development Assessment Panels (DAPs). Repeated and structural controversy of this nature can accelerate loss of trust in the governance process. Citizens may feel that they are denied a voice at the regional level.

On the other hand, there can be resistance to 'bigger' government or additional layers of government from local communities that want to avoid a loss of local autonomy, distinctiveness, or a focus on their particular priorities within the region³³ (especially when amalgamation is forced from the state government).³⁴ A well-structured regional governing body that meaningfully captures local input (such as Auckland Council and Metro Vancouver) can mitigate these effects by ensuring local concerns and aspirations are reflected in more robust regional strategies, providing better regional coordination, boosting economic capacity, and enabling independent implementation of plans.³⁵

³¹ Butt, A., Kroen, A., Steele, W. and Dühr, S. (2021) Local government co-ordination: metropolitan governance in twenty-first century Australia, AHURI Final Report No. 352, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/352>, doi: 10.18408/ahuri5323001

³² Department of Premier and Cabinet (2024), The Government's response to the Future of Local Government Review, https://www.dpac.tas.gov.au/divisions/local_government/the-governments-response-to-the-future-of-local-government-review?_kx=RXTtOL9g9aiqQTWK0h9PElLgdSrH9l9pXqz3sk1zU0oylXAcpc4U4Y_nleD-E5Nn.TidPmQ

³³ Sansom, G. (2024) Changing Patterns of Governance in Metropolitan Regions: Australian and Canadian Perspectives, *Institute on Municipal Finance and Governance (IMFG)*, https://imfg.org/research/doc/?doc_id=622; OECD (2022), Regional Governance in OECD Countries: Trends, Typology and Tools, OECD Multi-level Governance Studies, OECD Publishing, Paris, <https://doi.org/10.1787/4d7c6483-en>

³⁴ Aulich, C., Gibbs, M., Gooding, A., McKinlay, P., Pillora, S., Sansom, G. (2011), Consolidation in Local Government: A fresh look, Volume 1: report, Australian Centre of Excellence for Local Government, https://www.uts.edu.au/sites/default/files/1320885841_Consolidation_Final_Report_Vol_1_web.pdf

³⁵ OECD (2022), Regional Governance in OECD Countries: Trends, Typology and Tools, OECD Multi-level Governance Studies, OECD Publishing, Paris, <https://doi.org/10.1787/4d7c6483-en>

As noted above, the Tasmanian Government's current proposal³⁶ to establish an independent Development Assessment Panel (DAP) to be responsible for assessing and approving certain types of development rather than local councils highlights these issues and challenges.³⁷ On the one hand, a DAP is claimed to offer independent assessment that would take the 'politics out of planning'. On the other hand is the claim that this is overreach into the democratic process that takes decision making powers out of the hands of local stakeholders and grants the Minister wide ranging powers to approve relevant developments. A regional governing body such as Auckland Council or Metro Vancouver can sit in the space in between, providing regional oversight from the governing body while retaining local democratic representation from elected officials *and* independent advice from advisory panels/standing committees.

Reduced capacity to attract/absorb migrants

Tasmania faces demographic challenges with an ageing population and an increasing dependency ratio, that is, total population to working age population. Net in-migration will be important if the State is to lower the median age as called for by the State Population Strategy.

Migrants are drawn to metropolitan areas where access to jobs and services is better, and where they might have more opportunities to integrate into society. This additional population puts added pressure on existing infrastructure in metropolitan areas that include housing, community infrastructure, utilities, and other public services.³⁸

Greater Hobart could potentially play a bigger role in Australia's ongoing immigration program. At present, its role is constrained by the region's highly constrained housing supply, where a large increase in price is required to induce a supply response, and, potentially, inefficiently supplied community services. Integrated planning at the regional level is crucial to solving these issues.³⁹

In order to provide appropriate, i.e. affordable, suitable and well located housing in the GHR, a regional planning response that can coordinate and mobilise the constituent stakeholders and regulatory settings is needed. The response would address public and private developers, land ownership that is often highly fragmented, government land release, zoning, value capture, and planning and delivery of community infrastructure and services.

A recent CfGH convened Greater Hobart liveability forum heard from a number of stakeholders that GH was "friendly but not welcoming". This reflects the challenges of finding and making community. Community making can occur through cultural attitudes, physical housing, liveability and connection with services and opportunities etc. If the State is to deal with its demographic challenges an integrated, multi-dimensional regional strategy will be critical.

³⁶ Through the Land Use Planning and Approvals (Development Assessment Panels) Bill 2024 which is expected to be tabled in Parliament soon.

³⁷ Whitfield, M., 2024, November 14, *Revamp to Tasmanian planning approvals process could result in 'wild west on steroids', mayors warn*, ABC News, https://www.abc.net.au/news/2024-11-13/tas-greater-hobart-mayors-oppose-planning-changes/104594748?utm_source=Civi+CRM+linked+mailing+list&utm_campaign=5d078c1007-DN_AUS+14%2F11%2F2024&utm_medium=email&utm_term=0_-5d078c1007-199694062

³⁸ Charles, A., Guna D. (2017), 'We need to get better at integrating migrants into our cities. Here's how', World Economic Forum, <https://www.weforum.org/stories/2017/10/we-need-to-get-better-at-integrating-migrants-into-our-cities-here-s-how/>

³⁹ Melsner, D., Ong Viforj, R., Wood, G. (2022), Exploring the many housing elasticities of supply: The case of Australia, *Cities*, 128, pp.1-9, <https://doi.org/10.1016/j.cities.2022.103817>

Unsatisfactory engagement with First Nations peoples

Engagement with First Nations peoples about matters relating to the management and development of land that has never been ceded - but is subject to the legal and planning framework of the State and Commonwealth - is complex and contentious, and often frustrating for First Nations peoples.⁴⁰

Any governance structure should include direct and equitable representation from Traditional Custodians, or at least one that embeds a forum for robust engagement and collaborative practices. This can and should happen at all levels of government.

However, a regional governance structure could provide greater capacity to consider the wider planning and development landscape and bring together a wider breadth of government and community stakeholders using a spatial frame that is more amenable to the prosecution of Traditional Owner interests. Regional governance can provide a platform for ongoing relationships that are not linked to specific projects.

Unsatisfactory youth engagement

Intergenerational input into the creation of public policy and action that has long term implications is crucial. Key issues such as housing, climate change adaptation and mitigation, the environment, economic equity, and civic engagement/trust in politics require strategies and investment that span generations and which require a scale of action and resources that are often beyond local government capabilities. While local governments can set up successful forums for engaging with young people, as with engagement with Traditional Owners, a regional governance model could have greater impact and encourage greater participation among young people by reaching more communities and harnessing greater institutional capability to give effect to the outcomes of this participation.

⁴⁰ Davidson, E., Porter, L., Landau-Ward, A., Wensing, E., Kelly, M. and McNeill, D. (2024) Voicing First Nations Country, culture and community in urban policy, AHURI Final Report No. 430, *Australian Housing and Urban Research Institute Limited*, Melbourne, <http://www.ahuri.edu.au/research/final-reports/430>, doi: 10.18408/ahuri5329001.

2.3 Case studies

Hobart - Collins St bike lane trial

Hobart City's transport plan includes an initiative to trial a new cycling corridor along three blocks of Collins St, a key thoroughfare in the central city. Collins St was also identified in the Greater Hobart Cycling Plan (2021) as part of the proposed cycling network. This is in an effort to address the high rate of vehicle trips by car, which according to ABS data is the highest of all cities in the country per capita. The Tasmanian government had pledged \$170,000 in funding towards this but has recently withdrawn this commitment after receiving negative feedback from the local business community over the loss of on-street parking resulting from the proposed bike lane. Hobart City Council has pledged to press on with the trial anyway by redirecting funding from elsewhere.

Resistance to cycle lanes (at the expense of car parking and road capacity for cars) comes from business stakeholders who feel that less car parking will seriously hurt their trade. The familiar sentiment is that we should be privileging the majority, so if the majority of people drive, we should be funding infrastructure for cars.

This introduces similar issues to the Argyle St housing development (see below) insofar as there is:

- A strategic plan (the Central Hobart Plan) that addresses concerns relating to a sustainable transport network.
- A local government that is pushing for the development (the trial).
- A vocal portion of the local community that is against the development.
- A state government that has taken a position divergent from that of the local government.

Placing this trial within a regional governance context that includes the input of all stakeholders that are concerned with the long-term quality of their communities and the conditions of movement within the region could reframe the relationship between the local community, business stakeholders, local government, and state government leading to better decision making. A regional governing body could consider and integrate a wider group of stakeholders and carry more authority (perceived, if not legislated). Stakeholders would likely have different types of conversation within this political setting by comparison with the current polarised arrangement.

There may be concerns to do with an overbearing regional institution. However, if the democratic structure is retained, these concerns would likely be mitigated. For example, while the Mayor of London technically has much scope to override the Council Assembly (see case study 4.6 below), this rarely exercised as it is preferable to be seen to act with the support of the majority.*

* Blick A. & Dunleavy P. (2018). Chapter 6.7: London: devolved government and politics at metropolitan level. In: Dunleavy, P et al (eds.), *The UK's Changing Democracy*. London: LSE Press. DOI: <https://doi.org/10.31389/book1.z>

Hobart – Argyle St housing project for vulnerable women

In late 2023 St Vincent de Paul Society and Amelie Housing proposed a housing development at 212 Argyle St in Hobart to provide accommodation for women at risk of homelessness. This is in a location that is close to the CBD, hospital, transportation, shopping and other services, making it ideal for urban renewal. Though recommended by Council planning officers, this project was refused by Council in 2024 primarily on the grounds that the building would be too high and would cause undesirable traffic and parking impacts.

This was a hotly debated result, with strong support from the state and federal government on one side, local community objections on the other side, and Council split in the middle. Many including the Lord Mayor and federal housing minister came out as very strongly against the decision to refuse it.*

Though the decision has been appealed and subsequently approved by Council after a revised application saw the addition of one parking spot and a reduction in the height by 40cm, the project is still awaiting successful arbitration with community members who have opposed the proposal.**

This case starkly illustrates a regular occurrence in the management of urban areas – the divergence in interests that citizens have as local residents on the one hand, and as regional residents on the other. These projects will always be controversial to some degree. But the current polarised governance structure (local versus State or Commonwealth) creates an environment which works against successful resolution of these tensions.

If matters of regional importance, such as the long-term development of housing for a clearly demonstrated need, were raised in a wider regional governance context and as part of a wider, interconnected plan for the future of all communities within the region, it can potentially take the heat out of local opposition to individual developments.

*Rojahn, M., 'Hobart mayor Anna Reynolds slams council's decision to reject St Vincent de Paul's apartment building for vulnerable women', May 10, 2024, ABC News, <https://www.abc.net.au/news/2024-05-10/womens-social-housing-in-hobart-rejected/103829612>

**Coulter, E., 'Hobart apartments for vulnerable women one step closer after backing for St Vincent de Paul project by council', August 5, 2024, ABS News, <https://www.abc.net.au/news/2024-08-05/tas-vinnies-housing-development-mediation/104183412>

TasWater

Water supply and sewerage services have historically been managed through a large and ageing network of assets. TasWater took over this dispersed network of assets in 2013 with a unique governance model that includes all 29 Tasmanian councils and the Tasmanian Government as shareholders.

Though ownership is between the local councils and State Government, the operational decision making involves the input of the:

- Local Council owners, who also receive dividends from the operation of TasWater State Government,
- Board of Directors, which is selected by the Selection Committee and made up of up to seven directors including the chair, who must not currently work for the Council or the Crown, and who cannot have served as an elected official within three years of serving, and
- Regulatory bodies such as the Tasmanian Economic Regulator, Environment Protection Authority, Department of Health and Human Services, and Department of Primary Industries, Parks, Water and Environment.

The consolidation of the water and sewerage services into one entity has resulted in a number of benefits. According to the latest strategic plan (2021-2030), since 2018 TasWater has been able to:

- remove all 28 Public Health Alerts from regional towns,
- reduce the number of dams that were not meeting Australian National Committee on Large Dams Incorporated (ANCOLD) from ten to four,
- rationalised assets where feasible (replacing four underperforming sewage treatment plants (STPs) with one new facility), while improving compliance levels for discharge limits,
- invested \$49.4M in additional funds towards water and sewer mains renewals and \$24.9M in stations with new technology and practices.

Further benefits include a reduction in environmental impact, reduced usage through the introduction of water metres for households, and better coordination in addressing supply problems.*

Long term planning for the entire network is also made easier and the existing 10-year plan is complemented by a 2050 Vision, and has enabled continued profits (\$31.2M in 2022-23) and resulting in dividends paid out to stakeholders.

TasWater amply illustrates the potential of creative regional collaboration.

* <https://smartwatermagazine.com/news/smart-water-magazine/taswater-and-tasmanian-government-collaborate-aud-314-million-sewer>; <https://www.taswater.com.au/customers/meters/meters-and-the-environment>

3. Best practice principles

3.1 Overview

Citizens are simultaneously members of multiple, nested, communities of interest. In a geographic context, citizens will be part of local, regional, State and national communities. Interests do not always align across these dimensions; for example, local communities might feel that their amenity, lifestyle or livelihoods may be infringed through the installation of windfarms in their district, but the regional, State and National communities might welcome installation of this infrastructure as part of a warranted green energy transition⁴¹.

Good governance is concerned with empowering communities to meaningfully influence tax, regulatory regimes, collective investment and trade/external policy while mediating the tensions between local, regional, State and National interests.

Good governance will likely be culturally and place specific; there will not be a one size fits all architecture for decision making across the four levels of community. Nevertheless, the literature points to three key principles as distinguishing features of sound governance systems, at least in Western liberal societies such as Australia's:

- **Subsidiarity**; decision making should be devolved as far as possible within the competencies of local, regional and State jurisdictions;
- **Fiscal autonomy**; on matters within their competence, communities should have the wherewithal to act on their decisions without being financially beholden to higher spheres of governance; and
- **Democratic accountability**; decision making should be duly and fairly mandated by the community of interest in question.

3.2 Subsidiarity

The subsidiarity principle holds that in large and complex social systems, resource allocation, regulatory and other decision making should occur at the smallest subset of the system which can be reasonably deemed to be competent in the matter in question. 'Competence' in this context includes but is not limited to technical capacity. Principally, it refers to a domain within which decision making may occur without unduly compromising the interests of the wider system or higher order community affiliations.

Put another way, decision making should not occur centrally if it can be devolved to a smaller, more local, entity without compromising the interests of the whole.

Subsidiarity is a core principle binding the European Union. Member States only give up local decision making authority to forums convened by the Union where it can be shown that local decision making

⁴¹ *Place shaping the future role of local government in Tasmania, 2022*. Tasmanian Policy Exchange, University of Tasmania.

would compromise the overarching economic, social and environmental objectives of Member States as a whole.

As explained by the European Parliament...

The principles of subsidiarity and proportionality govern the exercise of the EU’s competences. In areas in which the EU does not have exclusive competence, the principle of subsidiarity seeks to safeguard the ability of the Member States to take decisions and action and authorises intervention by the Union when the objectives of an action cannot be sufficiently achieved by the Member States, but can be better achieved at Union level, ‘by reason of the scale and effects of the proposed action’. The purpose of including a reference to the principle in the EU Treaties is also to ensure that powers are exercised as close to the citizen as possible, in accordance with the proximity principle⁴²

In an Australian context, subsidiarity was at work in the formation of the Commonwealth. The pre-federation Australian States determined that their collective interests on matters of trade, defence, immigration and other higher order matters would be best served by formalising an Australian nation. (Since federation, there has been something of a blurring of the subsidiarity principle, with Commonwealth reaching into a range of areas which might be seen to be beyond its competence, involving itself in directly funding local community facilities, such as sporting pavilions, and local roads).

Subsidiarity is clearer in concept than it is in practical application. Unless codified in prior agreements, the demarcations between what are matters of local, regional, State and National significance will inevitably be contested, and, as noted, will be culturally specific. Some communities may be more willing than others to delegate powers upwards. Nevertheless, in the context of Tasmania, a provisional subsidiarity framework could look like the following chart.

Table 1: Subsidiarity based allocation of functions

Matters for local governance	Matters for regional governance	Matters for State governance	Matters for National governance
<ul style="list-style-type: none"> • Municipal spatial structure in conformity with regional plan • Planning controls and DA for matters and locations of local significance • Local arts and culture • Local open space • Local community facilities • Local transport network, including active transport • Local water cycle management including WSUD infrastructure • Local economic development / High Streets 	<ul style="list-style-type: none"> • Regional spatial structure • Planning controls and DA for matters and locations of regional significance • Regional water supply system • Regional sewer system • Regional open space network • Regional transport network • Regional public transport • Resource re-use / circular economy • Regional economic development 	<ul style="list-style-type: none"> • Health • Education • Social housing • Mineral resources • Water resources • National parks • State highways • State trains/public transport • Justice system • Policing • Prisons • Child care • Land use planning system • Building regulation • Gambling regulation • Liquor licencing 	<ul style="list-style-type: none"> • Macro-economic management • Defence • International trade • Interstate trade • Immigration • Social security (pensions & benefits) • International treaties (such as climate change mitigation, refugee rights etc) • Interstate highways • Communications • Aviation • International waters • Highest court

Source: SGS Economics & Planning Pty Ltd

⁴² <https://www.europarl.europa.eu/factsheets/en/sheet/7/the-principle-of-subsidiarity> (Downloaded 30 09 2024)

By comparison with many European and North American jurisdictions, Australia is noteworthy for both its lack of constitutional recognition of local government and the patchy and intermittent application of regional governance arrangements. Arguably, this diminishes the social, environmental and economic outcomes achievable in Australian communities.

At least in recent decades, matters that might be seen to be within the scope of regional governance have been covered in Australia either by the State Government 'reaching down' to deal with planning and infrastructure issues, for example, and/or by local governments banding together to co-ordinate decision making and investment on matters which are widely recognised to transcend municipal boundaries. Both 'work arounds' have serious shortcomings. As noted, State Governments are premised on providing a roughly even standard of service to Tasmanians regardless of where they live. This 'whole of State' focus intrinsically works against program responses which are customised to regional differences. Moreover, policy making at the State level tends to be more exposed to differentiation based on the electoral cycle. This too militates against the long term decision making required for successful economic and environmental management at the regional level.

Meanwhile, Councils must be hyper responsive to local political pressures as this, after all, is part of their *raison d'être*. Maintaining a consistent focus on shared objectives at the regional level is challenging given local political volatility, and especially so if there is any tension between regional and local interests.

3.3 Fiscal autonomy

Ideally, a regional governance solution should have the resources and charter to act independently from both local and State Governments on matters within its competence. This implies access to an independent tax base or secure fiscal transfers commensurate with the relevant portfolio of regional matters (see Table 1) or, binding and intergenerational agreement for tax sharing (such as occurs between the Commonwealth and the States on the Goods and Services Tax).

A regional governance arrangement which is reliant on discretionary revenue transfers from the State or the Commonwealth will inevitably be compromised. The institutions or partnerships in question will be second-guessing the continuity of revenues when advocating for, and investing in, regional matters.

Ideally, the tax base that is deployed in pursuit of regional priorities would demonstrably align to the area and/or economic units which would benefit from the investments and programs in question such as broad based land taxes.

Importantly, access to an independent tax base need not entail additional administrative costs in tax collection. Regional tax liabilities can be factored into a single local government 'rates notice' to households or businesses, with the revenue apportioned at a later time. By way of example, some State taxes, for example, the Fire Service levy is currently collected via Local Government through the annual rate notice.

3.4 Democratic accountability

Democratic accountability relates to the perceived legitimacy of action on regional matters. To have credibility and durability, a regional governance arrangement of whatever specification must represent

an appropriate regional constituency. This, in turn, implies that the regional governance arrangement is subject to scrutiny and, indeed, dismissal by that constituency.

While both State and local governments have well established systems of democratic accountability, featuring broad franchises and regular elections, neither of these two spheres of governance can claim to 'speak for' for the regional constituency.

Serious policy failures and discontinuities can arise when State Governments invoke a State electoral mandate to resolve regional issues. A common example across Australia relates to urban consolidation policy; in the absence of a suitable regional governance forum, State Governments often overrule local governments to enforce higher density development around regionally significant urban nodes and corridors. This often attracts an electoral backlash because State Governments are not seen as holding a mandate to act in the interests of the regional community. It is reasonable to hypothesise a different political dynamic would apply were the same interventions to be carried out by a duly mandated regional entity.

International jurisdictions provide some insight into this perceived legitimacy issue. It is noteworthy that a relatively newly reinstated Greater London Authority was able to introduce a congestion pricing regime in the metropolitan region in 2003. Previous Westminster governments, which assumed direct control over the metropolitan area following the abolition of the Greater London Council by the Thatcher Government in 1986, had found this reform prohibitively costly in terms of political capital. At the same time, the constituent London boroughs which had been left in place after the demise of the GLC could not legitimately orchestrate the joint action to advance congestion pricing.

Democratic accountability in regional governance can be effected in its purest form through a universal franchise, as occurs in local government elections. An example is provided by elections for membership of Regional Councils in New Zealand. Regional Councils sit between Central Government and local Councils (see Figure 5). They hold a mandate focussed on environmental management.

Alternatively, derivative forms of democratic accountability can be applied. For example, the governing board of the erstwhile regional authority for Melbourne (the Melbourne and Metropolitan Board Works – MMBW) featured councillors selected by their peers within sub-regional groupings of Councils in the metro area, using an electoral college approach.

Figure 5: Regional Councils and Local Authorities – South Island New Zealand



4. Learning from practice elsewhere

The following section provides insight from international examples of regional governance models, focusing on their attributes regarding subsidiarity, fiscal autonomy, and democratic accountability.

4.1 Greater Sydney Commission

Background

The Greater Sydney Commission (GSC) was established in 2015 as a statutory authority of the State government. Its mandate was to prepare the overarching spatial strategy and associated District Plans for metropolitan Sydney. These were to form the basis for more detailed land use planning by local Councils, as well as facilitating co-ordinated infrastructure provision by State agencies.

The GSC operated at arm's length from the State Government, overseen by a board of subject matter experts. This independence allowed the Commission a degree of freedom to be more transformative in its thinking. It was under the GSC stewardship that the 'three city metropolitan strategy' was devised – Harbour City (the eastern established part of the metropolis anchored by the Sydney CBD), River City (anchored by Parramatta) and Parkland City (anchored by the second Sydney airport). The GSC worked through an administrative structure comprising a Finance and Governance Committee, a Strategic Planning Committee, and an Infrastructure Delivery Committee.

It was tasked with leading, unifying and improving spatial planning outcomes across the metropolitan Sydney area, proactively engaging with local, state and Commonwealth government to achieve these ends. Essentially, it arose to unite the efforts of government agencies which working in silos on inter-related and long-term challenges such as transport and housing.

The GSC was transformed into the Greater Cities Commission (GCC) in 2021. This maintained the mandate of the GSC but expanded its spatial coverage to the 'Six Cities Region' (Lower Hunter and Greater Newcastle City, Central Coast City, Illawarra-Shoalhaven City, Western Parkland City, Central River City, Eastern Harbour City).

The GCC was abolished in late 2023. The relatively recently elected Minns Labor Government folded the Commission's functions back into a conventional planning department directly accountable to the Planning Minister. This reform was premised on 'reducing red tape' in planning, and the achievement of administrative savings for government.

Governance features

Subsidiarity	Fiscal autonomy	Democratic accountability
<p>✓ The Greater Sydney Commission Act 2015 gave the GSC a clear regional focus, filling a gap between 'silo-ised' State Government infrastructure planning and local area planning undertaken by Councils. The Commission provided advice and recommendations to, but was not subject to the direct control of, the Minister.</p>	<p>✗ The GSC did not have an independent tax base. It relied on State Government budget appropriations.</p>	<p>✗ Members of the GSC were appointed by the Minister, and subject to advice from local councils within the region. Reportedly, the original intention was for the GSC to be governed by a Board with a degree of democratic accountability, but this was never achieved.</p>

Lessons for Greater Hobart

The formation of an overarching body to guide and coordinate planning efforts across a complex development context such as Greater Sydney can provide a strong foundation that spans and coordinates the planning goals of multiple government departments, each with their own agendas. While Hobart presents a much smaller metropolitan region, it is likely to feature similar co-ordination issues across relevant State Government agencies.

The transition and eventual demise of the GSC/GCC highlights the need for significant separation between regional governance institutions and State Governments and their associated electoral cycles. This separation allows for more visionary and long-term solutions to complex challenges and planning objectives, and is more likely to generate and maintain momentum in the infrastructure co-ordination process.




4.2 South East Queensland Council of Mayors

Background

The South East Queensland Council of Mayors (SEQCoM) is a voluntary grouping of Councils covering a metropolis spanning Brisbane, the Sunshine Coast, the Gold Coast and Ipswich regions. Its principal task is to assist the State Government in the formulation and implementation of the regional growth management strategy for SEQ.

The SEQCoM provides a forum to build consensus around sometimes controversial strategic planning issues, such as stepping up urban containment and preserving habitat.

Governance features

Subsidiarity	Fiscal autonomy	Democratic accountability
 SEQCoM has no formal mandate to deliver regional services or functions. It is purely a consultative body.	 SEQCoM does not have an independent funding source geared to regional tax base. It relies on voluntary contributions from member Councils.	 As a forum of elected members, SEQCoM can reasonably claim a democratic mandate. However, it is debatable whether the Mayors can genuinely represent the region when points of tension between these and local interests arise.

Lessons for Greater Hobart

The SEQCoM is a long standing organisation, originally promoted by the State Government to build a supportive coalition around regional spatial planning. Its utility in this regard is dubious. Mayors inevitably face strong pressure to promote local over regional priorities in growth management.




The SEQCoM experience shows that entirely voluntary forums for infrastructure and planning co-ordination have limited value. Their effectiveness may be improved if protocols and principles are agreed at the outset about how local and regional needs will be balanced. Nevertheless, voluntary structures face challenges when all parties are not facing equal outcomes – as is the case in all collective action arrangements, when some parties are perceived as ‘winners’ with others as ‘losers’, even relatively so, consensus is difficult to reach.

4.3 Melbourne Metropolitan Board of Works

Background

The Melbourne Metropolitan Board of Works (MMBW) had a long life in the governance of the Greater Melbourne area, being commissioned in 1891 and finally being dismantled by the State Government in 1992. The Board’s initial focus was on fixing Melbourne’s problem in sewerage treatment. This included construction of an extensive network of sewers and drains and creation of a substantial sewerage treatment farm at Werribee on the then south western fringes of the rapidly growing city. During its 100 year history, the MMBW acquired a range of additional responsibilities including preparation of the regional town plan (implementation of which was partially delegated to Councils).

Governance features

Subsidiarity	Fiscal autonomy	Democratic accountability
 At its peak in the early 1980s, the MMBW had responsibility for: <ul style="list-style-type: none"> Regional water supply, sewerage and drainage 	 The MMBW was able to levy its own property taxes to fund its regional governance and service delivery responsibilities.	 The MMBW executive was accountable to a forum of elected members selected by ballot by the Councils, or groups of Councils, in the metropolitan area.

<ul style="list-style-type: none"> • Preparation of the Melbourne Metropolitan Planning Scheme • Acquisition, development and management of metropolitan parks each serving catchments of up to 250,000 residents • Planning, construction and maintenance of freeways in the metropolitan area 	<p>Prior to centralisation of Government bond raising through Treasury Corporation, the MMBW assembled its own finance in wholesale markets through Board of Works Loans.</p>	
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Lessons for Greater Hobart

The MMBW was arguably the most evolved model of regional governance ever applied in Australia. Its long history is testament to its effectiveness in delivering key regional level functions. Indeed, metropolitan Melbourne is still benefitting from the infrastructure investments and planning policies developed by the Board many decades ago.

The circumstances behind the MMBW’s demise are not particularly well documented. However, it is likely that State Governments ultimately felt that the Board had too much power over the most important economic assets in Victoria; that is, they came to see the Board as a competing rather than complementary sphere of governance.

From the MMBW experience, Greater Hobart can take the following lessons:

- Strong regional bodies which align well with all three good governance principles can generate substantial and enduring benefits to the community
- The scope of powers in a regional authority need to be carefully negotiated to guarantee co-existence with State Governments, and
- Democratic accountability through an electoral college model represents a sound approach to power sharing, avoiding a proliferation of elected members.

4.4 Auckland ‘Super’ Council

Background




In 2010, the Auckland Council was created to provide both regional and local governance functions for the metropolitan area. The then new Auckland Council replaced six local Councils which had previously provided municipal service and regulatory functions across the metropolitan area. The Auckland Council also took over the functions of the Auckland Regional Council which had delivered some overarching strategic planning and environmental management services.

The legislated Auckland Council ‘Governing Body’ comprises a popularly elected mayor, which is a hotly contested and relatively high profile political role. There are also 20 councillors elected across 13 ward areas.

The Governing Body is supported by 21 Local Boards, which also comprise elected members. The local boards focus on neighbourhood issues and service needs; they provide feedback used by the Governing Body to develop long term plans and the annual budget.

In addition to the Local Boards, the Auckland Council operates a number of advisory panels and Council-controlled organisations (CCOs). CCOs are mostly arm’s length business organisations delivering services like transport, resource recovery/recycling, water supply and so on.

Governance features

Subsidiarity	Fiscal autonomy	Democratic accountability
 Given its structure, Auckland Council is clearly a regional institution. However, in terms of subsidiarity, it blurs the lines between local and regional interests. Both the Governing Body and the Local Boards implement decisions relative to their areas of concern within the Auckland Council organisation. This can fuel confusion in accountability for service delivery.	 Auckland Council has an independent tax base. The New Zealand Government does not cap rates levied by the Council.	 The Governing Body and Local Boards all feature decision making by elected members. However, Local Boards have limited say in tax raising; this creates a disconnect between revenue generation and service delivery expectations. This, in turn, may mitigate against full democratic accountability.

Lessons for Greater Hobart

For many years prior to the formation of the unitary Auckland Council, popular commentary had lamented the fragmentation, parochialism and administrative inefficiency which characterised the metropolitan region. Of particular concern was that the Auckland community was denied the opportunity to speak with one voice on critical matters such as economic development. Arguably, a similar array of challenges confront the Greater Hobart region; it has 4 Councils (and arguably more) covering a significantly smaller city than Auckland.

The formation of the Auckland Council is generally seen to have benefited the region. Part of this is to do with economies of scale in city administration. But at least of equal importance has been the improved capacity of the region to articulate a planning vision, co-ordinate infrastructure investment to this end (through CCOs) and project a stronger pitch to local and external investors about economic development opportunities.

Nevertheless, the Auckland Council experience also carries some warnings about large scale Council amalgamations, relating particularly to the preservation of the ‘local’ in local government. Of note is that the Royal Commission set up to review Auckland governance recommended retention of local Councils working in harmony within a more powerful regional government. The NZ Government opted for the ‘Local Boards’ concept instead. It is not clear that this aspect of the Auckland reforms have been a success, because of a blurring of accountabilities for local service provision. That is, elected Local Board members make a case to the Governing Body for local service provision, but do not have the wherewithal to ensure delivery.

4.5 Metro Vancouver

Background




Originating in 1967 as the Greater Vancouver Regional District, Metro Vancouver (or the Metro Vancouver Regional District) plans and delivers regional-scale services to over 2.6 million people across 21 municipalities, one electoral area, and one treaty First Nation.

Metro Vancouver is made up of four separate corporate entities with their own set of members and Board Directors. These entities include the Metro Vancouver Regional District (MVRD), the Greater Vancouver Sewerage & Drainage District (GVS&DD), the Greater Vancouver Water District (GVWD), and the not-for-profit Metro Vancouver Housing Corporation (MVHC), each lead by a single Chair who is elected by the Board. Board members are appointed at the discretion of their local council. The Chief Administrative Officer (CAO) is assigned chief administrative responsibility through the Local Government Act. The CAO and the Board are assisted by staff who facilitate and complete the work the Board is responsible for.

The Board is further supported by standing committees and task forces that are appointed by the Board Chair, providing advice to the Board in the form of input and recommendations.

Combined, these four entities plan and deliver regional utility services and regulate air quality, plan for and deliver urban growth and affordable housing, manage a regional parks system, general government services, emergency services, and serve as the regional federation that hears and discusses significant community issues.

Governance features

Subsidiarity	Fiscal autonomy	Democratic accountability
 Metro Vancouver is responsible for regional-level utility services, parks, affordable housing, and general government responsibilities. Local-level responsibilities remain for some services such as libraries, community centres, and fire protection.	 Metro Vancouver is financed primarily through utility fees for water, sewerage and waste management with additional funding from property taxes, and, for the MVHC, through rents from tenants and subsidies from other levels of government.	 Indirectly. All Directors are elected officials, however they are appointed by their respective jurisdictions (apart from one area – Electoral Area A – that directly elects their Director as part of their general local election every four years). Both the number of Directors (currently 41 representing 23 member jurisdictions) and the number of votes each Director has is based on the population they represent (1 vote per 20k people).

Lessons for Greater Hobart

Though membership in Metro Vancouver is mandatory, the way that funding and decision making are structured influences how much trust and reciprocity are fostered, which are crucial for successful regional projects and services.

This buy-in is supported by equitable representation across the region, which includes:⁴³

- Proportional formulas used for Board representation and financial contributions. Non-financial decisions are made on the basis that each municipality gets one vote to ensure that smaller municipalities are not dominated by larger ones. For financial decisions votes are weighted proportionally by financial contribution to ensure that the financial contribution of all residents have equal weight.
- Municipalities are able to opt-out of some services – and the decision making attached to them - that they do not use.
- The regional planning process requires the consent of all affected local governments and results in a binding arbitration process where disagreement between municipalities and the region occur. This has resulted in growth patterns that are long-term and coherent with greater integration between land-use and infrastructure planning.

It is noted that productive cooperation between municipalities and the continued effectiveness of regional governance bodies benefit from strong guidance and support (including financial) from provincial/state and even federal governments. Their long-term success may even require direct intervention at times, as has been the case in British Columbia.⁴⁴

Transparency has also become a key issue for Metro Vancouver of late, with recent calls for independent reviews of governance practices resulting from a lack of accountability to taxpayers over significant cost blowouts for regional infrastructure projects, and questioning the value of Board Directors being appointed rather than directly elected.⁴⁵

A 2015 survey⁴⁶ of residents about the preferred governance model for Metro Vancouver revealed a preference for fewer municipalities, with five or fewer being the strongest preference compared to the 23 current members. The services that should be dealt with on a regional basis include transportation, social housing, economic development, while community facilities like libraries and parks, fire services, and services for seniors should be dealt with locally. There is a bias for those living in cities and young people to favour a regional approach and those living in outer suburbs or regional areas and older people favour a local approach.

⁴³ Taylor (2022), Regionalism from above: intergovernmental relations in Canadian metropolitan governance, *Commonwealth Journal of Local Governance*, Issue 26, <https://orcid.org/0000-0001-9372-2704>

⁴⁴ Sansom, G (2024), Changing Patterns of Governance in Metropolitan Regions: Australian and Canadian Perspectives, *Institute on Municipal Finance and Governance (IMFG)*, https://imfg.org/research/doc/?doc_id=622

⁴⁵ Kotyk, A, 'Should Metro Vancouver's board be elected? City councillors call for review of governance', June 6, 2024, *CTV News Vancouver*, <https://bc.ctvnews.ca/should-metro-vancouver-s-board-be-elected-city-councillors-call-for-review-of-governance-1.6915043>; Rantanen, M, 'Metro Vancouver governance under scrutiny at Richmond city council', July 19, 2024, *Richmond News RN*, <https://www.richmond-news.com/local-news/metro-vancouver-governance-under-scrutiny-at-richmond-city-council-9245374>

⁴⁶ Angus Reid Institute (2015), Governance, identity and service delivery in Metro Vancouver: desire for change, but no consensus, <https://angusreid.org/metro-vancouver-governance/>




4.6 Greater London Authority

Background

Established following a referendum in 2000 under the Greater London Authority Act 1999 and 2007, the Greater London Authority (GLA) is the strategic authority for London and consists of two parts. It is directed by the Lord Mayor, who is directly elected every four years, and appoints two political advisors and up to 11 staff (who cannot be of the London Assembly) who preside over the various portfolios. The London Assembly are a 25 member team representative of a range of political parties, are elected at the same time as the Mayor, and are responsible for ensuring that the Mayor and deputies are held to account for their work, although their power to veto decisions is limited. Funding comes from grants from the central government, and a combination of council taxes, rates, levies and fares.⁴⁷

It was created to coordinate and share powers with 32 boroughs and the City of London. The Mayor is responsible for setting the strategy for seven planning and policy areas for Greater London which include transport, economic development, housing, spatial development (the London Plan), environment, culture, and health inequalities, and must consult the Assembly, the functional bodies, and the boroughs. The Mayor has executive power over housing, transport and economic development only, while sphere of influence over the other policy areas is dependent on relationship building and influence.

Governance features

Subsidiarity	Fiscal autonomy	Democratic accountability
 Strategic planning for the region comes from the GLA and it has executive responsibilities over housing, transport, economic development, and planning applications of strategic importance. It has no statutory responsibility to deliver services such as culture, environment and health, with local governments having responsibility over localised services such as adult and child social care, libraries, planning applications, waste collection, licencing, arts and leisure services. ⁴⁸	 Funding comes partially from grants from the central government, and partially from a combination of council taxes, rates, levies and fares, giving the GLA a reasonable ability to allocate spending where desired.	 The Lord Mayor and the London Assembly are directly elected on four-year terms.

⁴⁷ Sandford, M. (2024), The Greater London Authority, House of Commons Library, Research Briefing, <https://researchbriefings.files.parliament.uk/documents/SN05817/SN05817.pdf>

⁴⁸ London Councils (ND), The essential guide to London local government, <https://archive.londoncouncils.gov.uk/who-runs-london/essential-guide-london-local-government>

Lessons for Greater Hobart

What the GLA can lay claim to is effective strategic planning and delivery of issues that are not only common but directly linked across Greater London, such as transport and housing. Aiding the execution of the regional strategy is the ability of the Mayor, who is not associated with any one borough, to influence outcomes with a relatively weak Assembly. This provides a clearer focus on regional rather than local issues and minimizes the ability for the Assembly to tie-up progress with strategic initiatives.⁴⁹ The GLA was also designed to minimize the overlap of functions between the GLA and local boroughs even if they share in the creation of strategic plans, an important consideration for any move to a regional governance model for Greater Hobart. Having the Mayor and Assembly as directly elected positions also gives strong democratic accountability with good representation of different political parties within the Assembly.

On matters that the Assembly can challenge decisions of the Mayor (strategic and budgetary proposals), only a minority of votes in the Assembly are required to ensure the Mayor's absolute authority. Though this has not been a problem in practice, how accountability is designed into any regional governance model needs to balance efficiency and continuity of strategy with proper checks and balances. Governance arrangement with state or federal government agencies (as well as local governments if they are not amalgamated into one) that operate or have an interest within the region also need to be well defined to ensure that constant negotiations do not hamper the ongoing impact of a regional government.⁵⁰

⁴⁹ Blick A. & Dunleavy P. (2018). Chapter 6.7: London: devolved government and politics at metropolitan level. In: Dunleavy, P et al (eds.), *The UK's Changing Democracy*. London: LSE Press. DOI: <https://doi.org/10.31389/book1.z>

⁵⁰ Blick A. & Dunleavy P. (2018). Chapter 6.7: London: devolved government and politics at metropolitan level. In: Dunleavy, P et al (eds.), *The UK's Changing Democracy*. London: LSE Press. DOI: <https://doi.org/10.31389/book1.z>

5. Considerations for reform in the Hobart region

5.1 Overview

The purpose of this report is to promote and support discussion on governance reform for Hobart, rather than provide solutions.

In the mix of considerations when contemplating a way forward for Hobart, three issues loom large:

- Being clear on the problems which need to be addressed by governance reform,
- Determining whether governance reform is necessary, as opposed to better ways of co-ordinating existing institutions and agencies, and
- Understanding that ‘partnership’ approaches have their limits.

5.2 Clarity on problems

Governance reform must be based on a shared understanding of how existing arrangements might be letting the Greater Hobart community down – a conclusion shared by the Future of Local government review.⁵¹ In Section 2, we canvassed potential shortcomings around higher costs in delivery of public services, lack of consistency and ambition in regional spatial strategy, delays and uncertainty in major projects, lack of capacity for public sector led urban consolidation, erosion of trust in government, diminished capacity to attract/absorb migrants, unsatisfactory engagement with First Nations, and unsatisfactory engagement with youth. The forgone benefits have earlier been modelled to be in the hundreds of millions.

These and other potential problems require full interrogation and the assembly of appropriate evidence to support community discussion of the warrant for governance reform.

To make a viable case for reform, the identified problems need to be genuinely regional in nature. Moreover, the prospective gains to the community – were these problems to be resolved – need to be demonstrable and substantial.

5.3 Co-ordination versus governance

There is an important distinction between authentic ‘formal governance’ reform which, in principle, would require the creation of new, democratically mandated, institutions, and ‘co-ordination’ models which involve administrative changes to ensure that existing institutions work better.

⁵¹ Department of Premier and Cabinet (2023), The future of local government review – Final Report, <https://www.futurelocal.tas.gov.au/wp-content/uploads/2023/11/The-Future-of-Local-Government-Review-Final-Report.pdf>

Governance reform is a more demanding task requiring careful preparation and, most likely, a lengthy period of community debate. Administrative forums can be set up much more quickly but may be less durable and effective, depending on the nature of the regional problem(s) being addressed.

5.4 Partnership approaches have their limits

Much of the contemporary discourse on governance reform in Australia refers to the need for a partnership approach between the three spheres of government – local, State and Commonwealth.

The ‘partnership’ label may pose fewer political risks but can paper over structural problems in governance. Although there are worthwhile exceptions – TasWater for example – the three spheres of government have (or should have) quite distinct roles based on complementarity and subsidiarity, as discussed in Section 3. It can be counterproductive to establish partnerships which effectively licence the different levels of government to stray outside their competence. These models can provide the appearance of better co-ordination for a time but can be prone to rapid disintegration when conflicts of interest – local versus regional for example – need to be resolved.

CANBERRA / NGAMBRI /
NGUNNAWAL / NGARIGO

Level 2, 28-36 Ainslie Avenue
Canberra ACT 2601
+61 2 6257 4525
sgsact@sgsep.com.au

HOBART / NIPALUNA

PO Box 123
Franklin TAS 7113
+61 421 372 940
sgstas@sgsep.com.au

MELBOURNE / NAARM

Level 14, 222 Exhibition Street
Melbourne VIC 3000
+61 3 8616 0331
sgsvic@sgsep.com.au

SYDNEY / WARRANG

Suite 2.01/50 Holt Street
Surry Hills NSW 2010
+61 2 8307 0121
sgsnsw@sgsep.com.au

