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Sydney First
Who's Governing Sydney?

About the Authors

Who's Governing Sydney?

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Professor Edward J. Blakely

Professor Blakely is the Chair of Urban and Regional Planning and Director of the Planning Research Centre at the University of Sydney, and the Mayor's Executive Director for the Office of Recovery Management, New Orleans.

His previous experiences at the New School University in New York, the University of Pittsburgh, the University of California at Berkeley and the University of Southern California were as a senior administrator/faculty leader with the responsibilities of interfacing with the local city and state governments in urban policy matters. The University of California recognised Professor Blakely's contribution in creating the Edward J. Blakely Centre for Sustainable Suburban Development at the Riverside campus.

Professor Blakely is very familiar with Australia and Sydney in particular. He is directly involved in the planning process to re-shape Sydney as the Chair of the Reference Panel for the Metropolitan Strategic Plan.

Richard Y. Hu

Richard Hu is currently a research officer and PhD candidate in the Planning Research Centre at the University of Sydney.

Prior to joining the Planning Research Centre at the University of Sydney, Richard Hu was a professional in urban planning and development. As a consultant and manager, he was employed by prestigious firms to work on strategic planning and commercial development projects, mainly in Beijing and Shanghai. His professional and research experience also extended to such cities as Hong Kong, Paris, Frankfurt and Los Angeles.

As a researcher, Richard Hu's interest focuses on comparative analysis of global cities on the Asia Pacific Rim, with Sydney as a key case city.

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In February 2007 the Sydney Chamber of Commerce launched a new initiative for corporations dedicated to taking a leading role in the future direction of our city. The initiative, called Sydney First, aims to promote Sydney as the number one place to live, work and do business.

Sydney First is made up of the city's best business minds and is committed to championing the unique needs of Australia's only global city. Our mission is to reduce the barriers which threaten Sydney's future growth and competitiveness.

This report marks the first major report commissioned by Sydney First. The fact that city governance is the first chosen topic is significant. It shows that the business community is passionately committed to engaging with policy makers and leading public debate to create a better city.

But for the four million plus citizens who make up Sydney, the way the city is governed is not necessarily at the forefront of people's minds. Basic services such as public transport, hospitals and schools, will always have a more immediate impact on the community.

But governance is at the very core of our day to day lives. Whether our trains run on time, our streets are safe, or if housing is affordable - are all issues which government can address.

For a long time the business community in Sydney has had an interest in city governance. The decisions made by government - for example those relating to planning, infrastructure or environmental laws - all directly impact business.

This report is about questioning whether our current governance structures best serve the contemporary needs of our city. The report seeks to benchmark Sydney with other leading cities - including London, Toronto, San Francisco, Frankfurt and Shanghai - to see if our governing bodies are globally competitive and strategically focused.

When it comes to the business community taking an interest in future direction of the city, this report represents a quantum leap in thinking. It underscores the need for business to look at long-term, big picture issues, which affect us all. I look forward to this report generating much discussion and debate.

Yours sincerely

The Hon. Patricia Forsythe
Executive Director

Background

Sydney's current governance structure is a barrier to fully reaching its potential as an emerging global city. It is time for a public debate regarding whether Sydney must reform its governance practices and how.

Method

This research is a comparative study. Five benchmark cities are chosen for their global and regional importance to examine their governance practices and reforms.

London	Global financial centre and command centre Global transport hub
Toronto	Economic engine and financial centre of Canada Most livable city
San Francisco	U.S. financial centre on the west coast International tourist destination
Frankfurt	Europe's finance, trade and transport centre European gateway to the world
Shanghai	Economic engine and financial centre of China Emerging centre on the Pacific Rim

Area share of consolidated city in metropolitan area
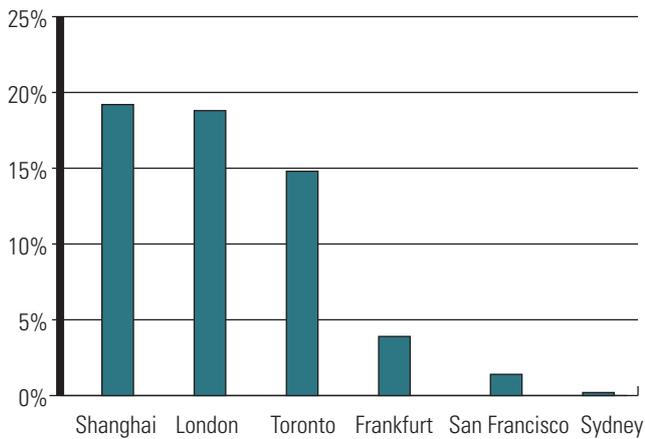
This chart shows that Shanghai, London and Toronto all have a consolidated city area of large size. The sizes of Frankfurt City and San Francisco City are comparatively small. The size of the City of Sydney is extremely small.
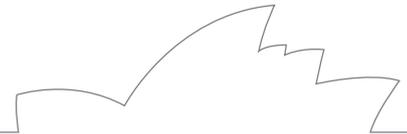
Population share of consolidated city in metropolitan area

In addition, the population share chart (above) tells a similar story to the area chart previously.

No. of local governments per 100 thousand population

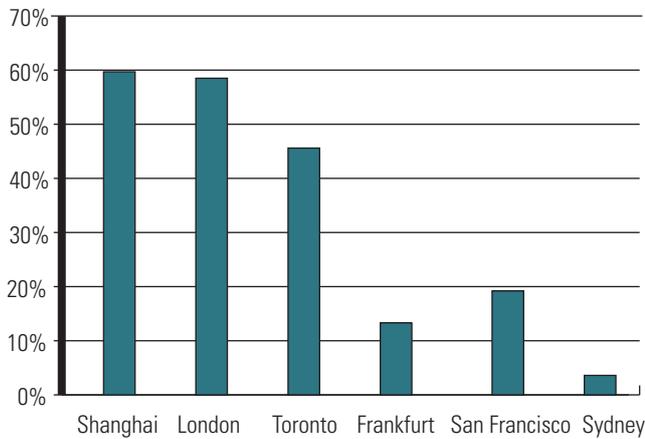Another important index of governance structure is the ratio between the number of local governments and population. It is clear in the chart that Sydney has the highest ratio in this aspect, in sharp contrast to the other five cities. Among major global cities, the governance structure of Sydney features too many local governments, that are small and fragmented.

Index of geopolitical fragmentation

	Sydney	**Frankfurt**	**London**	**San Francisco**	**Shanghai**	**Toronto**
Fragmentation index	0.27	0.0113	0.008	0.00677	0.00218	0.000877
Ranking	1	2	3	4	5	6

The area and population of the consolidated city as a share of the bigger metropolitan area make an important index to show the governance structure of a city region. These two charts clearly indicate that the city governance area of Sydney is extremely small, given its large metropolitan area.

This index is computed by dividing the number of per 100 thousand population by the percentage of city population share in the metropolitan area, ranging from the most fragmented to the least. This index shows that Sydney should be considered very fragmented and Toronto is the least fragmented.

These indexes point to the same conclusion that Sydney's governance structure is very fragmented, while that of the other benchmark cities are more consolidated.

Comparing city governance

Commonalities and trends in the governance practices of benchmark global cities

Business initiative The business sector is the most sensitive to social changes and thus the earliest to detect and respond to them. It is concerned with economic development and competitiveness. It makes the strongest advocate for governance changes to adapt to the new socio-economic contexts. In practice, they are the real leaders in pushing for reform. In both London and Toronto, the movement of governance consolidation was initiated by business, and then accepted by the public and finally implemented by higher governments. In Frankfurt, the private sector drives reform in spite of strong resistance from the higher Lander government and other local interests. They created the Metropolitan Frankfurt/Rhine-Main as a non-profit organisation aimed at invigorating regional identity. Similar enthusiasm is seen in Sydney too.

Consolidated city governance structures These new structures are designed to match the expanded urban functional territory either in the form of an all-purpose city government or in the form of cooperative associations. Cooperative frameworks link local jurisdictions into common metropolitan planning institutions. In both London and Toronto, the city area was consolidated as a whole. In other

cases, associations were established with the aim of coordinating the whole urban region for planning issues or specific purposes, like the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) in San Francisco. These associations are either compulsory or voluntary.

Autonomy for city governments The city government's autonomy is either devolved from higher governments or summoned from local governments. The goals of competitiveness and livability require a city to plan economic development and deliver civil services more efficiently and responsively. Performance of these missions depends on the amount of autonomy, capacity and resources of a city government. In London, the power of the Greater London Authority (GLA) was transferred from both the central government and 33 local governments. In Toronto, the New Deal for Cities movement is underway to campaign for more power devolved from the provincial governments to city governments.

Governance partnership In major global cities there is an emerging institutional partnership between the public, the private sector and the community, irrespective of whether there is a consolidated city government or not. This trend echoes what defines the term of 'governance' - a process in which citizens collectively solve problems and meet social needs by using 'government' as an instrument. City governance is not a task exclusively confined to the government any more. It includes inputs and resources from business and the civil society to be more efficient, effective, responsive and participatory. For example, in Sydney, some forms of collaboration between state agencies, private organisations and NGOs are taking shape in the absence of a strong city-wide government. Private organisations such as the Sydney Chamber of Commerce and Committee for Sydney are playing an increasingly important role in coordinating the private sector and governing the city.

The case of Sydney

Lack of a city-wide government The City of Sydney is too small to be called a city-wide government in terms of both size and power. All of the other five benchmark cities have far larger consolidated city governments than Sydney, with more governing authority.

Centralised urban governance power with the state government In Sydney, urban governance power is centralised in the higher New South Wales state government which remains distant from most locality-sensitive urban issues, thus resulting in slowed efficiency and responsiveness. In the other five benchmark cities, all municipal governments have considerable autonomy devolved from higher governments for direct and effective urban administration.

Fragmented local governance structure Of the six cities, Sydney's governance structure is the most fragmented by a number of indexes. Lack of a city-wide government and the spread of numerous small local governments across the Greater Sydney area generate both inter-governmental

tension and fragmentation, which heavily impedes well-coordinated regional planning and implementation, and delivery of civic services.

Recommendations

Sydney's leaders need to make a decision regarding what governance structure best serves its future needs as a global city. Based on the findings, these recommendations are made:

The balance between global objectives and local aspirations Reforming the urban governance structure is intended to better meet the pressures derived from opening up to the outside world as a local reaction. The driving force is the competition brought about by the overwhelming process of globalisation. However, it should be cautious that the global objectives should not be achieved at the cost of losing local aspirations.

The balance between the goals of competitiveness and livability Economic competitiveness and livability are two primary goals of Sydney as an entrepreneurial city. Ultimately these two goals are mutually sustaining, not mutually exclusive. But for certain stages, particularly in the early stage of struggling for economic competitiveness, the goal of livability is often overlooked. Therefore, what are the trade-offs Sydney is willing to accept to achieve global competitiveness?

The balance between functional territory and administrative territory The problem rooted in the urban governance structure in Sydney is the contradiction between the functional territory and administrative territory. Rapid urbanisation makes the functional territory expand beyond the boundary of the old administrative territory. This is increasingly true for the image of stretching Sydney that overwhelms nearby jurisdictions. One of the key initiatives for governance change is to allow the latter to match the former. The challenge for Sydney is how to measure and define the boundaries of the two territories and integrate them together.

The balance between compulsory agency and voluntary cooperation In the argument and practice of establishing a well coordinated governance mechanism, there are two prevailing schools of thought. One favours creating a compulsory agency for Sydney, such as a city-wide government or special tasks and agencies, while the other prefers establishing a partnership based on voluntary participation. Both models have been tried in global cities. For example, in both London and Toronto, a strong city-wide government was created. But in Frankfurt, a more flexible voluntary organisation was installed and the traditional multipurpose regional association was dissolved. So far, there is no solid evidence to show which model is the most effective. Therefore, we must ask how to strike the balance between the two models in Sydney.
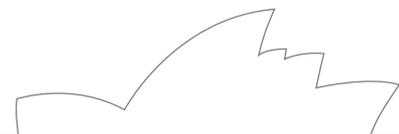
1.1 Global challenges

One of the challenges bought about by globalisation and urbanisation is the impact these trends have on city governance structures.

Major factors	Major implications for urban governance
Knowledge-based economy	• economies of scale and concentration • geographical separation of production, consumption and management services • shift of cost-based competition to innovation-based competition • increasing demand for skilled and flexible labour • global mobility of creative class • importance of quality of life and environment • capacity building of governance infrastructure
Information society	• clusters of business activities • innovation and flexibility of government service delivery • creative governance partnership of the public sector, the private sector and the community • social equity and inclusiveness
Rise of city-regions	• centres of growth and change • international exchange and competition between global urban regions rather than nation states • image building and promotion for urban regions • region-wide governance, spatial planning and economic strategy

The rise of city-regions in an age dominated by globalisation has led to the advent of global cities, which are thought to be of global importance by socio-economic, political or cultural means. A global city refers to a metropolitan area or an urban region rather than a central city. The central city and its surrounding region need each other. They form an organic whole to make a global city.

For all global cities, two common thematic commitments stand out in the new context: competitiveness and livability. They are mutually sustaining, not mutually exclusive. Without any doubt, the key to reaching these two goals rests with the pivotal role played by governance.

However, overall metropolitan governance practices in many areas are outdated. They are not well adapted to the tasks of competitiveness and livability in a modern setting. The traditional governance mechanism is lagging behind the urban spatial expansion and socio-economic transformations.

Currently, metropolitan governance practices in major global cities fall into one of the four situations:

• have some type of metropolitan government
• have none but are coordinated from a higher level
• have some functional coordination
• have no kind of coordination at all.

While admitting that there is no one ideal model of metropolitan governance in the report "Cities for Citizens: improving metropolitan governance", the OECD proposes the following factors as contributing to the competitiveness and livability of a metropolitan area:

• stronger area-wide metropolitan governments
• improved co-ordination and integration of sectoral policies in metropolitan areas

• area-based partnerships
• scenarios, indicators, monitoring and evaluation
• governance and strategic planning to support clustering and innovation
• governance and strategic planning to support more sustainable urban development
• new technologies/the information city.

The OECD identifies three obstacles that hinder good metropolitan governance:

• lack of communication between administrative and functional territories due to fragmentation of administrative jurisdiction
• strain on the financial and fiscal ability of local authorities
• lack of transparent, accountable decision making processes.

In this new climate of global cities, there should be a re-examination and re-definition of metropolitan governance, the most valuable asset a city may have.

1.2 Sydney's imperatives

An economic engine and a financial centre, Sydney is Australia's only global city. As a major player in Australia's national competitiveness, Sydney competes with rival global cities, particularly Asia Pacific Rim cities, for business, investment, tourism and talent. Like most global cities, Sydney's governance confronts similar challenges, namely:

• metropolitan wide mechanism and strategy for planning, economic development
• development of frictionless business environment across the whole metropolitan area
• integrated metropolitan area service delivery
• holistic approach to attract creative talents to work and reside in the city

- metropolitan-based policy strategy to solve urban problems of transport, sprawl, redevelopment, pollution, water and environment
- representative, participatory, responsive administrative framework accountable to both regional area and local community
- governance partnership of the public sector, the private sector and the community
- consistent and clear image promotion of the metropolitan area as a whole.

1.3 A comparative approach

Sydney's governance structure is increasingly seen as a barrier to reaching fully its potential as an emerging global city.

This report assesses Sydney's governance structure by comparing it with five other benchmark global cities: London, Toronto, San Francisco, Frankfurt and Shanghai. Examining practices in other leading global cities is preferable to the efficiency and effectiveness of Sydney's governance. The aim is to answer the question: do we need a change in the current system in Sydney?

These comparison cities are carefully chosen for their current status of regional and global importance:

London	Global financial centre and command centre Global transport hub
Toronto	Economic engine and financial centre of Canada Most livable city
San Francisco	U.S. financial centre on the west coast International tourist destination
Frankfurt	Europe's finance, trade and transport centre European gateway to the world
Shanghai	Economic engine and financial centre of China Emerging centre on the Pacific Rim

They are also chosen for their similarities with Sydney:

- leading global cities, particularly in the sense of economic influence
- international gateways to the country or continent
- economic engines and finance centres
- common issues of metropolitan governance.

Apart from the commonalities, the differences also add to the comparability and thus help strengthen the validity of the conclusions reached. San Francisco and Shanghai are Sydney's rivals on the Asia Pacific Rim and they are generally ranked at the same level as Sydney in all global cities. London and Frankfurt are established global financial centres in Europe, while Toronto represents one in North America. London and Toronto essentially reformed their governance structure at the turn of centuries as part of a strategy to enhance their global competitiveness. It is worthwhile investigating the drivers and benefits of these changes. Interestingly, the call for change in both of them was initiated by the business sector, then understood and accepted by the public, and ultimately carried out by higher-level government.
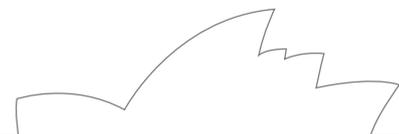
2.1 Three-tier governance

In Australia, all three tiers of government have direct and indirect powers that interact to condition governance in urban areas:

Federal government The federal government is normally removed from a direct urban role and leaves it to the lower levels. It sets the urban context through policies on immigration, trade, housing and welfare. The biggest role of the federal government is its financial responsibility of raising around 75 percent of tax revenues and then granting to state and local governments.

State governments The Australian Constitution confers autonomy on state governments of all aspects of urban governance. They are responsible for most urban issues, including metropolitan strategy, housing, public education, health, police, transport, as well as recreational and cultural services.

Local governments Local governments are the least powerful. They have no constitutional status and are only statutory creatures of state governments by acting as state agents. Local governments raise less than 5 percent of tax through property rates, but are expected to provide services important to local communities, such as road maintenance, building regulation, drainage and sewage disposal. In comparison with other advanced countries, the resources and responsibilities of Australia's local governments are narrow. To illustrate, the expenditure shares of the local governments in UK and USA are respectively 25 percent and 26 percent, a sharp contrast to Australia's 5 percent.
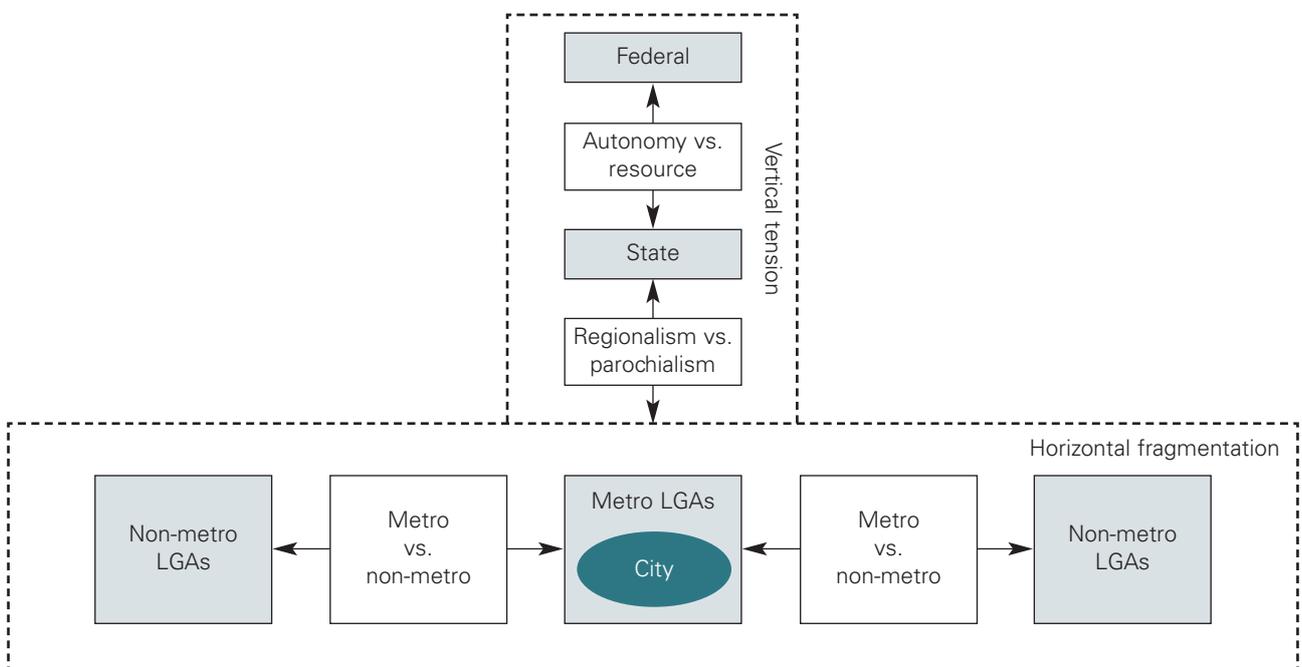
2.2 Tension and fragmentation

In metropolitan areas of Australia, due to the state government's primacy and lack of a metropolitan government to consolidate numerous Local Government Areas (LGAs), both tension and fragmentation exist between governments.

Vertical tension

Federal – State Government This tension arises from the constitutional autonomy of the state government and the fiscal dominance of the federal government. Constitutionally, the state government provides most services, but with a limited capacity to raise tax revenue, it is heavily dependent on the federal government. This tension is particularly prominent for funding large urban projects when the federal government and the state government have diverging strategies, or sometimes different parties are in power at each level of government.

State Government and Local Government Decision making is centralised in a distant state government regarding most locality sensitive issues. The state's regional strategy can only reach its full implementation with proactive local participation and commitment. But local governments' attitudes are not always supportive, due to parochialism for local self-interest. On the other hand, conflicts are sometimes especially severe between the state government and the central city council over CBD (Central Business District) development policies. For this reason, the state governments have regularly dismissed the elected city councils in both Sydney and Melbourne.

Horizontal fragmentation

Between LGAs Existence of numerous small-sized LGAs and lack of metropolitan leadership and coordination lead to deficient regional planning and strategy. Functionally, the metropolitan area is or should be united as one organic whole, but structurally, they are fragmented into different parts. This structural fragmentation is the biggest barrier towards an area-wide planning strategy and service delivery.

2.3 Sydney's governance structure

New South Wales state government Most government activities in Sydney are controlled by the New South Wales (NSW) state government. These include public transport, main roads, traffic control, policing, education above preschool level, health, housing and planning of major infrastructure projects. In the state government, the Department of Planning, the Department of State and Regional Development and the Premier's Department are collectively responsible for strategic management of Sydney's planning and economic development as well as that of regional and rural NSW. There are also taskforces and authorities governing special urban missions on behalf of the state government.

Local Government Areas The Sydney Statistical Division which is used for geographical interpretation of census data is also generally accepted as the metropolitan area of Sydney. With a population of 4.3 million and an area of 12,145 km², it covers 43 LGAs. These LGAs have elected councils which are responsible for functions delegated to them by the NSW state government, such as planning and building, maintenance of roads and sewer, garbage collection, regulation of parks and various public facilities.

The City of Sydney The City of Sydney occupies the core area of Sydney, including the CBD and some adjoining inner suburbs. In early 2004, it was expanded through amalgamation with the adjoining LGA of South Sydney. It is led by the elected Lord Mayor of Sydney and a Council. In terms of responsibilities, the City of Sydney is no different from any other LGA. In terms of the image presented to the outside world, the City of Sydney and the Lord Mayor are treated as representatives of Greater Sydney.

2.4 The road towards metropolitan governance

Apart from the limited role of the Cumberland County Council (1945-1964) which was charged with the elaboration of an area-wide master plan orienting the individual planning schemes of the LGAs, there has never been an overall governing body for the Sydney metropolitan area. But, historically three approaches have emerged as alternatives to governance in metropolitan Sydney:

Creation of a metropolitan government In 1915, an attempt was made to establish a metropolitan government for the Greater Sydney. But the Bill was rejected in the NSW state parliament. The main reason was said to be the opposition from the central city's financial and commercial groups. They feared the loss of influence after a dilution of their electoral power base. In the same period, similar ideas of creating a metropolitan government were conceived in other Australia's capital cities too. However, only in Brisbane did the idea become reality in 1924.

Amalgamation of LGAs Unlike Melbourne and Adelaide whose numbers of LGAs have been significantly reduced by amalgamation, the number of LGAs in Sydney has not changed much in the past 25 years. Since WWII, the story of local government amalgamations in Sydney has proven to be one of come and go: whereas the Labor government would amalgamate, the Liberal government would undo it. The City of Sydney LGA has been a particular focus of partisan conflict. The Labor Party wanted it to be larger to encompass pro-Labor suburbs and the Liberal Party advocated a central LGA only confined to the CBD with a strong Liberal electoral basis. Amalgamation and re-separation have happened to the City of Sydney no less than five times since WWII, aiming at coveting political advantage rather than achieving administrative efficiency. The newest amalgamation happened in 2004 to include the South Sydney LGA.

Institutional partnership Both approaches of an enlarged area-wide government in Sydney have proven unsuccessful. However, since the 1990s there has emerged a new form of Sydney-wide governance - governance partnership between state agencies and business elites. This partnership is orchestrated by the state and proactively initiated by the non-state actors. All involved parties of the public, the private and the community come to two major consensuses:

- A competitive Sydney requires a coordinated area-wide vision and action plan.
- There should be an ideology shift from government to governance with more consultation and participation from business and civil society in decision and policy making.

Currently, this emerging institutional partnership in Sydney comprises the public, the private and the Non-governmental Organisations (NGOs):

| **Government organisations** |
| --- |
| • Premier's Department
• Department of Planning
• Department of State and Regional Development
• City of Sydney Council & suburban councils
• Local Government and Shires Association NSW |
| **Private organisations** |
| • NSW Business Chamber
• Sydney Chamber of Commerce
• Committee for Sydney
• Urban Development Institute of Australia
• Property Council of Australia
• Housing Industry Association
• NSW Urban Taskforce |
| **Non-governmental organisations** |
| • Union NSW
• Council of Social Services of NSW
• Total Environment Centre
• National Trust
• Heritage Council |
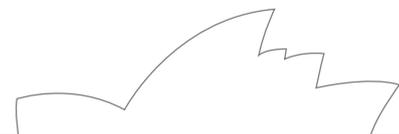
2.5 Conclusion: a structure marked by tension and fragmentation
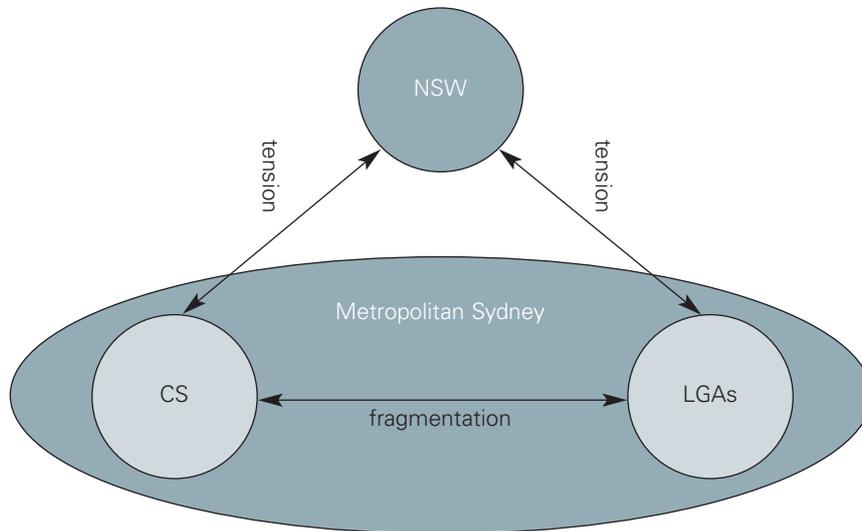
- Dominance of the NSW government's role in Sydney affairs and dispersal of numerous LGAs across the region generates both tension and fragmentation between governments.

- Inter-governmental tension and fragmentation impedes the development and implementation of a well-coordinated regional strategy and delivery of civic services.

- The effectiveness of an emerging voluntary governance coalition between the public and private sectors still needs time to be tested.

- New contexts of global competition make the long-existing issue of governance more imperative.

3.1 Government performance

Normally four levels of governments exercise power over a city directly or indirectly:

• National government
• State government
• Municipal government (refers to either a consolidated city government or a metropolitan government)
• Local government

The administrative powers of the four levels of governments differ greatly by country and by city. This is a comparison of their power influences in the six cities based on a qualitative assessment of their constitutional/statutory responsibilities and practical norms:

	Sydney	London	Toronto	San Francisco	Frankfurt	Shanghai
National government	+	++	+	+	+	++
State government	++++	na	++	+	++	na
Municipal government	na	++++	++++	++++	+++	++++
Local government	+	+	+	+	+	+

* Administrative power is in direct proportion to the numbers of + ranging from one to four.

The power of the highest national government is generally small or indirect, and that of the lowest local government is the weakest. Of the six cities, urban administration mostly rests with either state or municipal governments at the middle level.

3.2 Government structure and power sharing by cities

Sydney

London
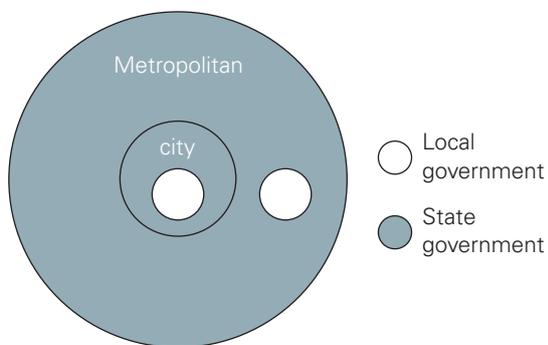
In Sydney:

• The national government doesn't have a direct urban role except for tax allocation.

• The state government of New South Wales plays a prime role across the Sydney region.

• There is only a small central city government and no metropolitan government.

• 43 local governments across metropolitan Sydney act as agents of the state government with very limited power over local issues.
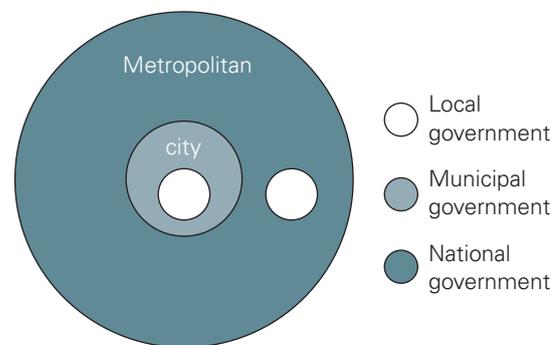
In London:

• The national government retains significant control over London through law-making, regulation and allocation of most of the finance.

• There is not a state level of government, nor a regional government for the South East Region surrounding Greater London.

• The municipal government of the Greater London Authority is big in terms of both geographical size and scope of power.

• Fifty local governments scatter across the metropolitan London area with 33 within Greater London running most local services.
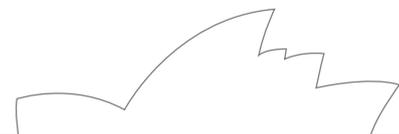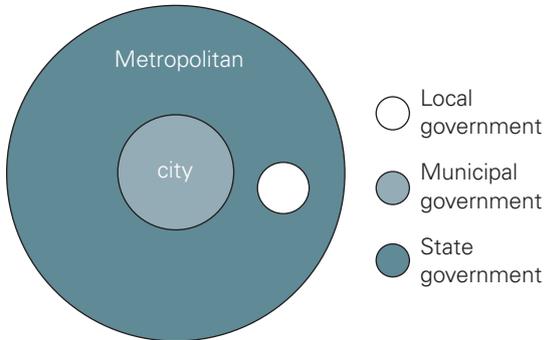
Toronto

In Toronto:

- The national government's urban role is small in Canada.

- Constitutionally the provincial government of Ontario is the ultimate administrator of urban affairs by making laws and regulations, collecting taxes and allocating finance.

- The municipality of the City of Toronto is increasingly gaining self-government with more autonomy devolved from the provincial government.

- Under the provincial government there are four regional municipalities in the Greater Toronto Area (GTA) surrounding the City of Toronto.

Frankfurt
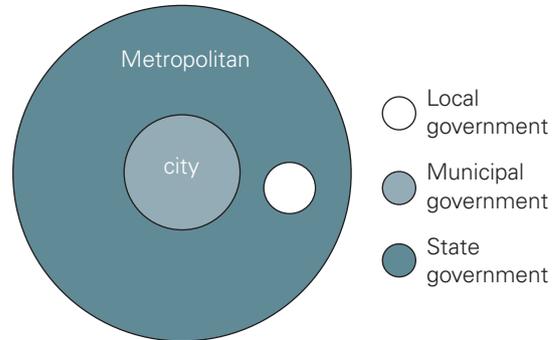
In Frankfurt:

- The national government does not have a role in local affairs in Germany.

- The state (Lander) of Hessen is responsible for administration in the Rhine-Main metropolitan region where Frankfurt is the dominant city.

- There is no metropolitan or regional government of the Rhine-Main region.

- The municipal government of Frankfurt rules the centralised city area as one autonomous town.

San Francisco
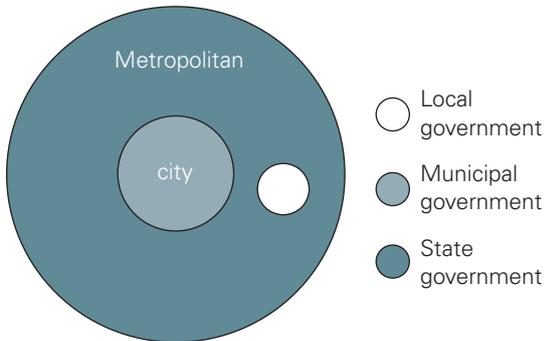
In San Francisco:

- The national government does not have a direct influence except for some military facilities in the region.

- The state government of California maintains a coordinating role across the San Francisco Bay Area, which lacks a substantial metropolitan or regional government.

- The consolidated government of the City and County of San Francisco is responsible for major local affairs within the city area.

Shanghai
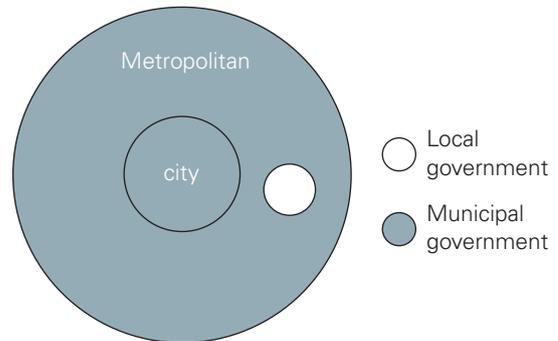
In Shanghai:

- The national government's role is prominent since it appoints top leaders and setting macro economic strategies and policies.

- The Shanghai municipality is directly under the rule of central government without an in-between provincial government.

- As a province-municipality, the municipal government of Shanghai administers the city area, the metropolitan area and the surrounding fringe.

- The city area is divided into 10 districts without an untied city government.

4.1 Government arrangement

Metropolitan area governance includes either one or both of:

• a metropolitan-wide government
• a large city-wide government and/or local governments

City-wide government governs the dominant central urban area, whereas metropolitan government governs the city centre and its sprawling area.

	Sydney	London	Toronto	San Francisco	Frankfurt	Shanghai
City-wide government	✗	✓	✓	✓	✓	✗
Metropolitan-wide government	✗	✗	✗	✗	✗	✓

Of the six cities, London, Toronto, San Francisco and Frankfurt have a city government of considerable scale. Shanghai has a number of local districts in the urban area, but there is a higher-level municipality governing the urban area and its surrounding region. In Sydney, the central city is small in size and is not a consolidated city-wide government.

Another feature differentiating these cities is the composition of administrative hierarchy, namely, the different levels of governments. Both London and Shanghai are directly under the rule of the central government, whilst the other four cities fit in with a typical three-level federal system: national, state/province and local.

As for internal government arrangements, the six cities fall into two categories:

• Council mix of legislative and executive
• Separation of legislative and executive

	Sydney	London	Toronto	San Francisco	Frankfurt	Shanghai
Legi-exe mix	✓	✗	✓	✗	✓	✗
Legi-exe separation	✗	✓	✗	✓	✗	✓

In Sydney, Toronto and Frankfurt, the city is governed by a council which runs both legislature and executive functions. In London, San Francisco and Shanghai, legislature and executive branches are separated. In the latter cities, there is a stronger role for the Mayor as the head of municipal government.

4.2 Consolidation and fragmentation

Consolidation and fragmentation as an index of governance structure are measured by these factors:

• size of consolidated city and metropolitan areas
• population of consolidated city and metropolitan areas
• numbers of local governments

Area share of consolidated city in metropolitan area

This chart shows that Shanghai, London and Toronto all have a consolidated city area of large size. The sizes of Frankfurt City and San Francisco City are comparatively small. The size of the City of Sydney is extremely small.
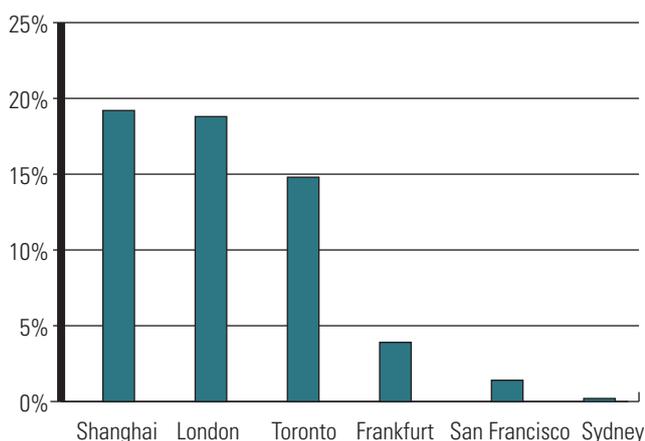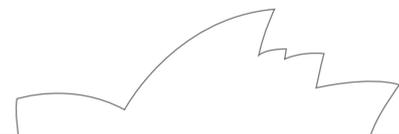
Population share of consolidated city in metropolitan area

The population share of consolidated city, relative to the metropolitan area, looks similar to the area share chart.

No. of local governments per 100 thousand population

Another important index of governance structure is the ratio between the number of local governments and population. It is clear in the char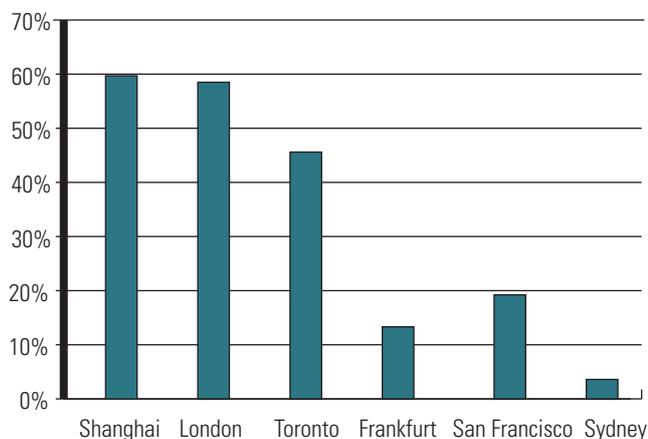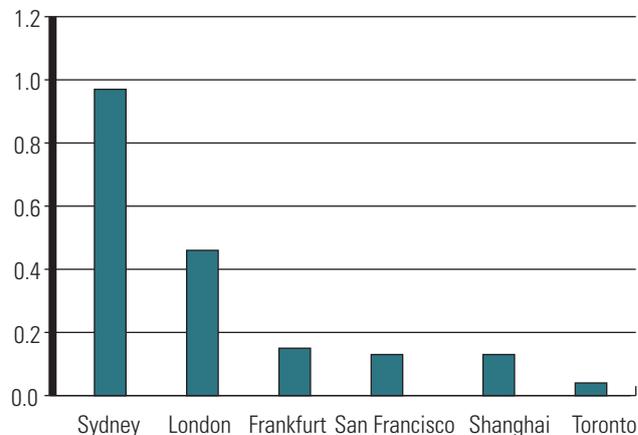t that Sydney has the highest ratio in this aspect, in sharp contrast to the other five cities. Among major global cities, the governance structure of Sydney is featured by too many local governments, that are small and fragmented.

Index of geopolitical fragmentation

	Sydney	**Frankfurt**	**London**	**San Francisco**	**Shanghai**	**Toronto**
Fragmentation index	0.27	0.0113	0.008	0.00677	0.00218	0.000877
Ranking	1	2	3	4	5	6

The area and population shares of the consolidated city in the metropolitan area make an important index to show the governance structure of a city region. These two charts clearly indicate that the city governance area of Sydney is extremely small, given its large metropolitan area.

This index is computed by dividing the number of per 100 thousand population by the percentage of city population share in the metropolitan area, ranging from the most fragmented to the least. This index shows that Sydney should be considered very fragmented and Toronto is the least fragmented.

These indexes point to the same conclusion: that Sydney's governance structure is very fragmented, while that of the other benchmark cities are is more consolidated.

5.1 London

Two-tier governance

London usually refers to the area known as Greater London, the top level administrative subdivision created in 1965 by the central government for London. The governance of Greater London takes place in two tiers - a city-wide tier and a local tier.

Greater London Authority (GLA) The GLA is responsible for strategic planning, policing, fire service, transport, economic development, culture, environment and health. The GLA is a unique form of strategic city-wide government made up of a directly elected Mayor - the Mayor of London - and a separately elected Assembly - the London Assembly. Both of them are on a four year term. Even though working together, there is a clear division of executive and scrutiny functions between them:

| Mayor of London	• executive and spokesperson of London • prepare statutory strategies on transport, spatial development, economic development and environment • set budgets for the GLA, the Transport for London, the London Development Agency, the Metropolitan Police and London's fire services • chair Transport for London
London Assembly	• 25 members: 14 elected on constituency basis and 11 on a London-wide basis • scrutinise the Mayor's activities, question the Mayor's decisions, and make proposals to the Mayor • amend the Mayor's budget subject to a two-thirds majority • investigate other issues of importance to Londoners • publish its findings and recommendations

Local government Greater London is divided into 32 London boroughs and the City of London. The boroughs are responsible for running most local services, such as local planning, schools, social services, waste collection and roads. Each borough has a council which is elected every four years. The City of London does not have a conventional local authority, but is governed by the historic Corporation of London which is elected by both residents and businesses.

Regional governance There has never been a political entity to govern the metropolitan region beyond Greater London. Instead decision-making of a regional nature has taken place within central government, sometimes with the advice of local authorities in the area: the broader county level and the more local districts. The central government plays a dominant role by providing the basic statutory framework of Regional Guidance and through its agencies.

Governance evolution

The evolution of city-wide governance of London has gone through four phases:

1889-1965 **London County Council (LCC)**	• covered the first elected London-wide authority • cover the area known today as the Inner London • the largest and most significant municipal government of its day
1965-1986 **Greater London Council (GLC)**	• driven by suburbanisation developed beyond the LCC boundaries • incorporation of the LCC, the City of London and suburban districts • two-tier governance for the Greater London: a GLC sharing power with 33 local governments
1986-2000 **no citywide government**	• the GLC was abolished by the Thatcher Government for its challenge to the central government and prevailing political ideology of minimum intervention and free market • no city-wide government for the Greater London area • governance shared between 33 local divisions, the central government and joint boards
2000-present **Greater London Authority (GLA)**	• for a city-wide vision, leadership, planning and coordination • two-tier governance: a city-wide GLA and 33 local governments • a clear power division between executive and legislature within the GLA • autonomy to act and plan strategically while central government retains law-making powers, sets regulations and allocates most of the finance
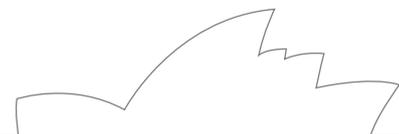
Conclusion: creation of GLA

The creation of the GLA in 2000 is a milestone in the history of London governance. This is a comparison of the changes of governance in London before and after 2000:

Pre-2000	Post-2000
• absence of a city wide government	• existence of a city-wide government
• governance power shared between the central government and local governments	• governance power centralised in the GLA with some power limits from the central government
• no self-government mechanism for city-wide strategy and planning	• a clear power division within the GLA between the executive and the legislature
• lack of a single voice for the whole city on global arena	• a strong Mayor as the speaker of the city in visualising the future

At the turn of the century, the creation of the Greater London Authority was a consensus of the central government, the private sector and the community:

- The lack of a city-wide government and the proliferation of organisations with complex interrelationships in the Greater London area aroused concern from all quarters over the lack of any clear channels of accountability, overall vision and leadership, and concerted action.

- Initiatives calling for coordinated governance were made under the leadership of the private sector, backed by the central government and approved by the wider community in a referendum held in 1998.

- The focus of this governance change is on positioning London as a leading competitive global city, making its governance an advantage for the city in confronting global challenges.

- The small, narrowly streamlined GLA with some fiscal and jurisdictional limits was designed by the central government with dual considerations of greater efficiency and competitiveness.

5.2 Toronto

Single-tier governance

Standing at the hub of the Greater Toronto Area (GTA), the fourth largest metropolitan area in North America, the City of Toronto is a single-tier municipality governed by a Mayor-Council system:

| The City Council	• a unicameral body integrating both executive and legislative powers • all members on four-year terms without term limits since 2007 (three-year term before 2007) • a Mayor elected by direct popular vote and 44 councillors representing local wards • function through the committee system: discuss budget, service and administrative issues to be passed on to the Council for debate and final approval
The Mayor	• one member of the City Council with political power equal to all other members in theory • holds the official title of the municipal CEO and represents the City on official occasions • chairs the City Council meetings and some committees • appoints some senior government figures • lack of independent authority and veto power

Governance evolution

The governance evolution of Toronto represents a way of moving from fragmentation towards consolidation, from centralised governance towards local autonomy:

1849-1953 municipal governance	• founded as a city in the late 18th century and formally adopted the name City of Toronto in 1834 • established the legitimacy of municipal government in 1849 that municipalities should be the major provider of government services • expanded by annexation and incorporation until the 1930s • power concentrated at the provincial and federal levels in the 1930s was switched to municipalities
1953-1998 Metropolitan Toronto	• established the Metropolitan Toronto regional municipality to cover the City of Toronto and 12 other suburban municipalities in 1953 • further consolidated 13 local municipalities into six in 1967 • established four regional municipalities as upper tier authorities and a further 24 local municipalities surrounding the Metro Toronto in 1971-74 • formed a two-tier metropolitan governance for the Greater Toronto Area: regional municipalities and local municipalities • efficiency-driven by postwar boom and rapid suburbanisation with remarkable achievement in land use strategy, infrastructure and services
1998- The City of Toronto	• a single unified City of Toronto formed by the amalgamation of the metropolitan government and six local municipalities into one mega-city • driven by both regional and global challenges • one-tier Mayor-Council government with the same limited power as the smallest town
2006-present New Deal for the City of Toronto	• recognises the City of Toronto as a mature and responsible level of government and a charter city • empowers the City of Toronto both jurisdictionally and fiscally by providing more autonomy, authority and accountability • grants broad powers from the provincial government in enacting by-laws, economic development and business management, planning, tax, and sub-delegation of power • a stronger Mayoral system with more power in executive, budget, appointment of senior posts and planning issues

Metropolitan governance structure of the Greater Toronto Area

The current metropolitan governance structure of the GTA includes a consolidated City of Toronto and four regional municipalities covering 24 local municipalities surrounding the City.
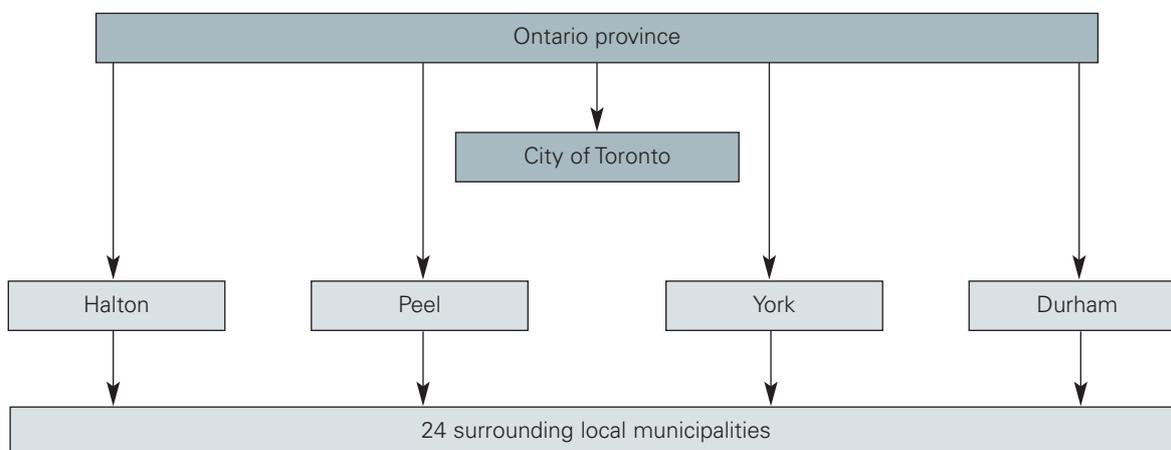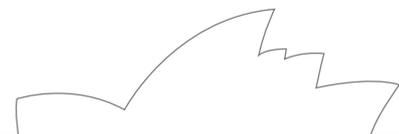
Conclusion: the 1998 amalgamation and the 2006 New Deal

Both 1998 and 2006 mark important developments in Toronto's history of governance. The former saw the historical amalgamation of the governance structure while the latter witnessed the significant empowerment of the City government.

Structural changes of the 1998 amalgamation include:

Pre-1998	Post-1998
• A two-tier governance structure of the Metro Toronto and local municipalities	• A single-tier municipality
• Overlapping of two tiers of government	• Elimination of overlapping between regional government and local governments
• Fragmentation between local governments	• Avoidance of local fragmentation by amalgamating into one

The 1998 amalgamation structurally consolidated the City of Toronto. But the City government's power was extremely limited. As part of a larger movement of a 'New Deal for Cities', the provincial government of Ontario passed the Stronger City of Toronto for a Stronger Ontario Act in 2006 generating more autonomy for the City government. The empowerment of the 2006 New Deal leaves Toronto with the broadest power of any city in Canada:

- more flexibility to raise revenue in addition to property tax
- more power to undertake economic development opportunities, to license and regulate businesses
- more control over exterior environmental features, the look and the feel of the city
- a more effective accountability regime to improve the governance and transparency of the City
- more power to determine the composition of council and ward boundaries
- a more powerful Mayoral system
- more flexibility for committees and streamlining decision making
- more flexibility in regulating store openings on holidays and setting bar hours

In Canada, the urban governance power ultimately rests with the provincial government. Toronto may only exercise power that has been delegated to it by the Province of Ontario through legislation. The provincial government of Ontario implemented the 1998-2006 reform package of Toronto governance for the following considerations:

- The 1953 Metro Toronto made a significant contribution to regional planning and coordination in its early stage. But with rapid urbanisation, the City was soon expanding beyond the boundaries of the metro administration. Increasingly the two-tier governance system aroused criticism of both over-government and under-government.
- With the opening up of the city-region to global markets, governance and service delivery became matters of serious concern in the 1990s. Social services and public transport were run down and economic competitiveness was deteriorating relative to other international and local competitors.
- The mega-city of Toronto was created in the belief that a single unified Toronto will save money, remove barriers to growth and investment, and help to create jobs. The municipal amalgamation was made as an efficient, streamlined scheme to improve the coordination of local decision-making and eliminate expensive overlap and duplication.
- More autonomy and self-government was granted in an attempt to enhance the competitiveness of the City of Toronto, the economic engine of both Ontario and Canada.
- But as for the Greater Toronto Area (GTA), which consists of the City of Toronto and four regional municipalities, the overall governance remains fragmented and multi-tiered. The system is charged with diverse mandates but with few institutional requirements. The provincial government has been reluctant to design a regional governance structure which would, in effect, create a mini-province of Toronto.

5.3 San Francisco

The City and County of San Francisco

San Francisco is the gateway to and the symbolic centre of the multi-centred metropolitan San Francisco Bay Area. It is a unique consolidation of the City and County of San Francisco, a status established since 1856. Its governance structure is similar to the federal and state governments in the form of three braches of executive, legislative and judicial:

• Executive branch: the Mayor
• Legislative branch: the Board of Supervisors
• Judicial branch: the Superior Court

Services provided by the City include public protection, public transportation, construction and maintenance of all public facilities, water, parks, public health systems, social services, planning, tax collections and many others. There is a clear division of power between the Mayor and the Board of Supervisors:

Mayor	• city-wide elected with a four-year term and two term limits • city head and spokesperson, appoints heads of most city departments • leads issues of citizen interaction, community development, culture and recreation, enterprise resource planning, public health and welfare, public protection and transportation
Board of Supervisors	• eleven members headed by a President and elected by districts on a non-partisan basis • passes laws and budgets • establishes policies, adopts ordinances and resolutions

San Francisco Bay Area governance

With an area of 122 km^2 and a population of close to 800,000, San Francisco's size doesn't seem to match its global and regional importance. Its growth has been restricted by its geographical location with surrounding waters and mountains. Unlike other global cities, which are the dominant centres in the area, San Francisco is one of the several major centres across the metropolitan San Francisco Bay Area which includes nine counties and 100 small municipalities. There is not an all-purpose regional government coordinating them all, instead there is a decentralised pattern of collaboration steered by the California State.

The Association of Bay Area Governments (ABAG)
Created in 1961, the ABAG is organised by contractual agreement among member cities and counties. It is the official comprehensive planning agency for the San Francisco Bay region with a mission to strengthen cooperation and coordination among local governments. In doing so, ABAG addresses social, environmental, and economic issues that transcend local borders.

The Metropolitan Transportation Commission (MTC)
Created in 1970, the MTC is the transportation planning, coordinating and financing agency for the Bay Area. The MTC functions as both the regional transportation planning agency and the region's metropolitan planning organisation (MPO) (for federal purposes). It is responsible for regularly updating the Regional Transportation Plan, a comprehensive blueprint for the development of mass transit, highway, airport, seaport, railroad, bicycle and pedestrian facilities. The Commission also screens requests from local agencies for state and federal grants for transportation projects to determine their compatibility with the plan.

#### *Conclusion: centralised city governance and decentralised regional governance*

• For the unique consolidation of City and County of San Francisco, the governance powers are shared among the executive, legislative and judicial branches. The clear separation of the Mayor's Office and the Board of Supervisors in responsibilities means, on the one hand, there is one voice for the city-wide issues from a strong Mayor, and on the other hand, a check and balance of power within government.

• In the absence of a regional government for the San Francisco Bay Area, metropolitan issues such as regional planning and transport are coordinated by regional organisations under the State's legislation.

5.4 Frankfurt

Lander-dominated urban governance

Frankfurt normally refers to Frankfurt am Main, the dominant city in the highly urbanised polycentric Rhine-Main region. With a population of 650,000 and an area of 249 km^2, Frankfurt is a dwarf global city, but its regional and global importance is far more than its size suggests. In Germany, constitutional administration, in most cases, is the responsibility of the state (Lander).

Hessen Lander The Hessen Lander, where Frankfurt lies, is divided into three smaller administrative districts (RPs), which operate as the middle-level administrative agencies of the Lander government. Frankfurt am Main is located within the Darmstadt Administrative District. The Hessen Lander elects a regional parliament for a four year term and this in turn appoints an administration headed by a Minister-President. The Lander government is responsible for major executive tasks, including housing, urban and regional planning, infrastructure provision, transportation policy, education systems and environmental policy. It is also responsible for the organisation and functioning of local governments.
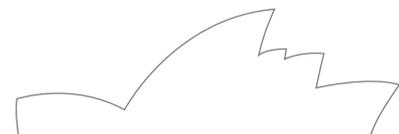
The City of Frankfurt As an autonomous town in the Rhine-Main region, the governance structure of Frankfurt includes the Town Council, the Municipal Authority and advisory body:

Town Council	• highest decision and resolution organ • selects members of the Municipal Authority except for the Mayor • controls the guidance of the city administration • decides over household issues, special statutes of collection of taxes/fees and development plans • works through tasks and committees • consists of 93 city delegates dependent on the number of inhabitants
Municipal Authority/Mayor	• government of the City - administrative and implementation organ • decides on current administrative matters, prepares resolutions of the Town Council and implements them • consists of the Mayor, city treasurers and seven full-time and 14 honorary town councilors • members selected by the Town Council except for the directly elected Mayor • members participate in the meetings of the Town Council • Mayor is head of the Municipal Authority serving six-year terms
Local Advisors	• sixteen local advisors representing local districts • an intermediary role between citizens and the Town Council • makes suggestions to the Town Council and the Municipal Authority on local affairs

Metropolitan governance attempts: from mandatory to voluntary organisations

Often referred to as the Frankfurt Rhine-Main Area or Rhine-Main Area, Greater Frankfurt covers a population exceeding 4.9 million and an area of roughly 11,000 km². With an area of 249 km², the boundary of the Frankfurt City governance is very restricted. From the beginning of the twentieth century, ideas and concrete political preparations for regional governance and planning have never stopped. In the second half of last century some joint authorities were established for regional planning and coordination. However, no substantial effort has ever been made to establish a regional government. Neither the Lander nor the small local municipalities have ever been really interested in the idea of a regional government.

Regionale Planungsgemeinschaft Untermain/RPU (1965 - 1975) In 1965, the RPU was created for planning the Frankfurt area and the regional plan it produced was enacted in 1972. Unfortunately, the RPU had three deficiencies: 1) Its planning region was very restricted and did not cover the whole commuter catchment area dominated by Frankfurt; 2) Its plan was based on the assumption that there would be demographic increase but this proved contrary to the real situation. In the 1970s the population actually dropped and resulted in much more land for settlement expansions than could be absorbed in the medium term; 3) The RPU lacked the capacity to impose a will of its own because of internal and external conflicts.

Umlandverband Frankfurt/UVF (1975 - 2001) In 1975, a new mandatory multipurpose association the UVF was created to succeed the RPU. This association of Frankfurt and surrounding municipalities comprised 43 units with 1.5 million inhabitants. Unlike the growth-oriented plan of the RPU, the planning guidelines for the UVF were centred on managing structural change instead of facilitating expansion. The joint authority is responsible for: land use, traffic and landscape planning; construction and management of leisure facilities.

New forms of regional organisation (2001-present)

Neither of the two successive joint authorities for the Rhine-Main region was well accepted by the Lander government, local governments or the public. Since 1995, discussions about a completely new regional organisation have been intense. The shift from the conventional, multipurpose regional association to a set of more flexible, single-purpose associations was promoted. In 2001, the compulsory multipurpose UVF was dissolved. For this area, more flexible single-purpose organisations were installed:

• **The Planning Authority Association Frankfurt Rhine-Main Region** This is a mere planning association and a legal successor to the UVF, though with extremely restricted assignments. Its tasks include the creation of regional land-use plan in cooperation with the assembly of municipal representatives, creation of landscape plan, and participation in inter-communal cooperation. All 75 municipalities are represented.

• **The Council of the Region** This institution is composed of representatives of the big cities or urban counties, rural counties and towns belonging to the rural counties but having more than 50,000 inhabitants. It can be considered as a steering committee that puts forward the principles of managing common assignments for all local authorities and calling for conferences of municipalities in the region. In the case of activities exceeding the limits of the region, it organises the participation of neighbouring authorities.

Most of the assignments of the former UVF are now supposed to be carried out by voluntary inter-municipal cooperation that may be organised in various legal forms. On the whole, the new practice aims at a set of voluntary associations instead of one compulsory multipurpose association.

Conclusion: barriers towards a metropolitan government

Between the levels of the Hessen Lander and the municipal Frankfurt, there is a governance vacuum that needs to be filled. The current set of voluntary regional associations cannot achieve the role of regional coordination. Primary barriers hindering a metropolitan government come from political unwillingness, rather than the lack of imperatives for administrative efficiency and economic competitiveness:

- The Hessen Lander governments, irrespective of their political composition, have never been interested in a strong regional association. They are unwilling to accept a powerful city.

- Evidently, local governments are not interested in a strong regional government. The rhetoric is the loss of local identity and mentality, but the real concern is reduced power. In particular, the county presidents, who administer supra-municipal affairs, have always been the fiercest enemies of joint authorities.

- Interestingly, the private sector demonstrates more motivation for regional consolidation. In 2001, regional Chambers of Commerce and big enterprises created the Metropolitan Frankfurt/Rhine-Main - a non-profit org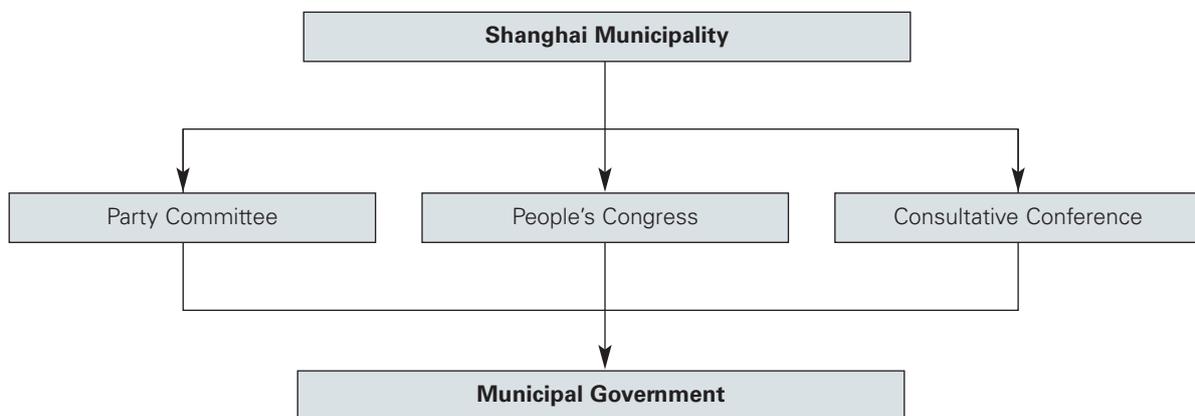anisation aimed at invigorating the feeling of regional identity and improving the regional image abroad. Its main emphasis is on presenting the Rhine-Main as a region of competitiveness, urbane lifestyle, hospitality and zest for life.

- Finally, the lack of action can be partially explained by the widespread opinion that the hitherto good economic situation in the region has not yet engendered a sense of vulnerability and the need for common action.

5.5 Shanghai

A province-municipality

As one of the four province-municipalities in China, Shanghai is under the direct rule of the central government, but the municipal government has wide autonomy with respect to economic development, planning, and local policies over the urban areas and surrounding region. Below the region-wide municipal government are 19 local district/county governments. The municipal governance of Shanghai is a mix of the Communist Party Committee, the People's Congress, the People's Government and the Political Consultative Conference.

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Party Committee The standing members of the Communist Party Committee of the Shanghai Municipality include the heads of the four power branches. They form the core decision making organ. Their decisions are generally strategic and are related to political issues, propaganda and appointment of key figures. The Party Secretary is appointed by the central government.

People's Congress Constitutionally, the People's Congress is the highest power branch in legislature functions and appoints the top government officials, including the Mayor. Its responsibilities include approving regulations and rules at the municipal level, economic plans and budgets, as well as reviewing acts and agreements.

People's Government Led by the Mayor, the People's Government is the administrative branch and is responsible for implementing decisions made by the Party Committee and the People's Congress. The municipal government carries out its work through various commissions, bureaus and offices.

Political Consultative Conference This is the top advisory organ of members from non-Communist parties and the general public. They may make proposals on local issues to the Party Committee, the People's Congress and the People's Government.

Local governments Shanghai is administratively equal to a province and is divided into 19 subdivisions, which all have the same four government branches as the municipal level. Of the 19 local districts, nine govern the older part of urban Shanghai on the west bank of the Huangpu River. These nine districts are collectively referred to as the Shanghai Proper or the core city. The newer part of urban and suburban Shanghai on the east bank of the Huangpu River is governed by the Pudong New District which was established in 1990. Eight of the districts govern suburbs, satellite towns, and rural areas farther away from the urban core. On average, the surrounding 10 districts are much larger than the nine city districts in terms of geographical size, but with much less population density.

Conclusion: a centralised hierarchy of governance structure
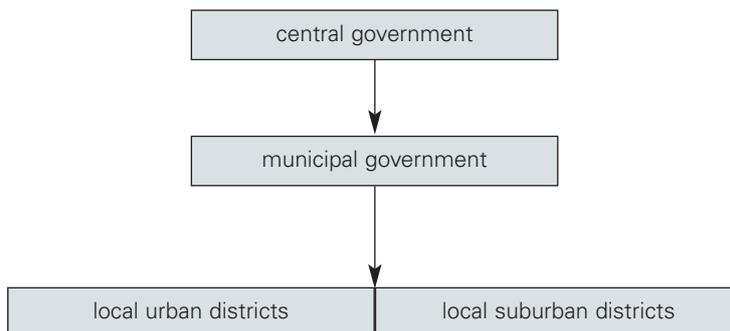
In Shanghai, the governance structure is very centralised in a hierarchical pyramid.

- Given Shanghai's importance, Shanghai is directly under the central government's rule as a level of government. The central government sets macro policies and appoints top leaders.

- The Municipality of Shanghai covers both the urban area and its wide suburban fringe. The municipal government has wide autonomy over economic development, urban strategy, infrastructure, civic facilities, and budget. There is currently a debate of conferring the Shanghai Municipality the same status as the Hong Kong Special Administrative Region with more autonomy to enhance its competitiveness as a leading global city.

- Local issues are governed by 19 subdivisions, each of them is of considerable size to achieve economies of scale.

6 Conclusion: looking to the future

6.1 Key commonalities

Metropolitan governance is an issue of global concern, albeit normally approached in a local context for individual cities. Of the six major global cities sampled in this report, key commonalities can be concluded through examining their governance arrangements and practices:

Problems

Challenges to urban governance in major global cities come from both inside and outside:

- Internally, urbanisation has made the city area expand beyond the boundary of old administrative arrangement.
- On the other hand, external challenges come from both regional and international competition in the mixed process of both globalisation and urbanisation.

The central issue is that the performance of the old structure often fails to meet the new challenges arising from both internal and external changes. For some major cities, the problem is that the governance power is either too centralised vertically at higher levels of governments or too decentralised horizontally among many local governments. In some cases, both vertical centralisation and horizontal decentralisation apply. For the city area, increasing pressures from regional and/or global competitors render the need for it to react and take actions as a consolidated whole. That is the core problem related to the governance structure of major global cities.

Obstacles

Three obstacles prevent major global cities from solving the problem through consolidated and coordinated governance:

- First, the notion that governance is the most valuable asset a city may have has not been well accepted. The importance of governance in facilitating economic competitiveness is often overlooked, particularly when the economy is booming. In Frankfurt, it is held that the hitherto good economic situation has not yet engendered a sense of vulnerability of the decentralised governance structure.

- The second obstacle is related to political unwillingness rather than the lack of the need for administrative efficiency and effectiveness. In some urban areas, both higher level state/province or national governments and lower level local governments are resistant towards the idea of a strong city-wide or metropolitan government. For the former, they fear the power challenge from a large political entity, while for the latter, they fear the loss of influence over the local area.

- Third, technically the challenge is how to produce appropriate forms of governance which optimise the potential of a given urban region. There is no one ideal model or formulae of metropolitan governance applicable to all cities. The governance structure of each city must be tailored to suit its own needs and local contexts.

Trends

In the past decade, arguments and practices of metropolitan governance reform have been heated in major global cities, from which these common trends have emerged:

Business initiative The business sector is the most sensitive to social changes and thus the earliest to detect and respond to them. It is concerned with economic development and competitiveness. It makes the strongest advocate for governance changes to adapt to the new socio-economic contexts. In practice, they are the real leaders in pushing for reform. In Frankfurt, the private sector drives reform in spite of strong resistance from the higher Lander government and other local interests. They created the Metropolitan Frankfurt/Rhine-Main as a non-profit organisation aimed at invigorating regional identity. Similar enthusiasm is seen in Sydney too.

Consolidated city governance structures These new structures are designed to match the expanded urban functional territory either in the form of an all-purpose city government or in the form of cooperative associations. Cooperative frameworks link local jurisdictions into common metropolitan planning institutions. In both London and Toronto, the city area was consolidated as a whole. In other cases, associations were established to aim at coordinating the whole urban region for planning issues or specific purposes, like the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) in San Francisco. These associations are either compulsory or voluntary.

Autonomy for city governments The city government's autonomy is either devolved from higher governments or summoned from local governments. The goals of competitiveness and livability require a city to plan economic development and deliver civil services more efficiently and responsively. Performance of these missions depends on the amount of autonomy, capacity and resources of a city government. In London, the power of the Greater London Authority (GLA) was transferred from both the central government and 33 local governments. In Toronto, the New Deal for Cities movement is underway to campaign for more power devolved from the provincial governments to city governments.

Governance partnership In major global cities there is emerging an institutional partnership between the public, the private sector and the community, irrespective of whether there is a consolidated city government or not. This trend echoes what defines the term of 'governance' - a process in which citizens collectively solve problems and meet society's needs by using 'government' as an instrument. City governance is not a task exclusively confined to the government any more. It includes inputs and resources from business and broader society to be more efficient, effective, responsive and participatory. For example, in Sydney, some forms of collaboration between state agencies, private organisations and NGOs are taking shape in the absence of a strong city-wide government. Private organisations such as the Sydney Chamber of Commerce and Committee for Sydney are playing an increasingly important role in coordinating the private sector and governing the city.
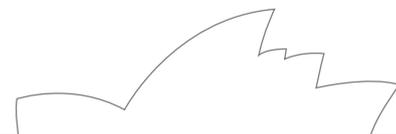
6.2 Implications for Sydney's future

In comparison with the five benchmark global cities, the governance structure of Sydney is marked by three conspicuous disadvantages:

Lack of a city-wide government The City of Sydney is too small to be called a city-wide government in terms of both size and power. All of the other five benchmark cities have far larger consolidated city governments than Sydney with more governing authority.

Centralised urban governance power with the state government In Sydney, urban governance power is centralised in the higher New South Wales state government which remains distant from most locality-sensitive urban issues, thus resulting in slowed efficiency and responsiveness. In the other five benchmark cities, all municipal governments have considerable autonomy devolved from higher governments for direct and effective urban administration.

Fragmented local governance structure Of the six cities, Sydney's governance structure is the most fragmented by a number of measures. The spread of numerous small local governments across the Greater Sydney area generate both inter-governmental tension and fragmentation, which heavily impede a well-coordinated regional planning and implementation, and delivery of civic services.

These disadvantages are embodied in the current governance structure and are increasingly proving to be a major barrier hindering Sydney from fully exploring its potential as a global city and its capacity to compete with other global competitors.

However, the comparison of the governance structure of Sydney with that of the other five benchmark cities does not necessarily translate into the conclusion that they should be the models for Sydney to follow. Common problems apply to other cities too, only to different extents. By referring to practices and changes made in other leading cities, the point for Sydney is whether a change is needed to promote competitiveness. What changes and how the changes should be designed are the next steps in any discussion. However, in exploring the directions in which the changes should be made, these four 'balances' are worth noting as guiding principles:

The balance between global objectives and local aspirations Performing urban governance structures is intended to better meet the pressures derived from opening up to the outside world as a local reaction. The driving force is the competition brought about by the overwhelming process of globalisation. However, Sydney should be cautious that the global objectives are not achieved at the cost of local aspirations.

The balance between the goals of competitiveness and livability Economic competitiveness and livability are two primary goals of any entrepreneurial city. Ultimately these two goals are mutually sustaining, not mutually exclusive. But for a certain stage, particularly in the early stage of struggling for economic competitiveness, the goal of livability is often overlooked.

The balance between functional territory and administrative territory One problem with the urban governance structure is the contradiction between the functional territory and administrative territory. Rapid urbanisation makes the functional territory expand beyond the boundary of the old administrative territory. One of the key initiatives for governance change is to allow the latter to match the former, mostly by means of consolidation. The challenge is how to measure and define the boundaries of the two territories and integrate them together.

The balance between compulsory agency and voluntary cooperation When establishing a well coordinated governance mechanism, there are two prevailing schools of thinking. One favors creating a compulsory agency, such as a city-wide government or special tasks and agencies while the other prefers establishing a kind of partnership based on voluntary participation. Attempts following both models have been made in many global cities. For example, in both London and Toronto, a strong city-wide government was created. But in Frankfurt, a more flexible voluntary organisation was installed and a traditional multipurpose regional association was dissolved. So far, there is no solid evidence to show which model has proved to be more effective. How to strike the balance between the two models essentially depends on the city.

ABAG	Association of Bay Area Governments
CS	City of Sydney
GLA	Greater London Authority
GLC	Greater London Council
GTA	Greater Toronto Area
LCC	London County Council
LGA	Local Government Area
MPO	Metropolitan Planning Organisation
MTC	Metropolitan Transportation Commission
NSW	New South Wales
RPU	Regionale Planungsgemeinschaft Untermain
UVF	Umlandverband Frankfurt

Cities	Metropolitan area (km²)	City area (km²)	City area share	Metropolitan population (thousand)	City population (thousand)	City population share	No. of local governments in metro area*	No. of local governments per 100 thousand population	Index of geopolitical fragmentation (no. of local government per 100 thousand population/percentage of city population in metropolitan area)
Sydney	12,145	26	0.2 percent	4,300	156	3.6 percent	1+42	0.97	0.27
London	8,382	1,579	18.8 percent	12,300	7,200	58.5 percent	33+17	0.46	0.008
Toronto	6,327	939	14.8 percent	5,700	2,600	45.6 percent	1+4	0.04	0.000877
San Francisco	8,869	122	1.4 percent	4,153	799	19.2 percent	1+9	0.13	0.00677
Frankfurt	11,056	249	3.9 percent	4,900	652	13.3 percent	7+17	0.15	0.0113
Shanghai	6,340	1,219	19.2 percent	13,342	7,947	59.7 percent	10+9	0.13	0.00218

Source: miscellaneous

* Two figures apply to cities in this section. The first figure is the number of local governments within the city area; the second figure is the number of local governments in the metropolitan area outside the city core.

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