



Lessons Learnt

Metropolitan Local Government Reform

Revised Version: June 2016

About This Paper

This paper has been prepared to capture 'lessons learnt' from the 2011-2015 Metropolitan Local Government Reform process.

The first version of this paper was published in September 2015 and submissions were sought from Local Governments to enable this revised version to be produced.

A number of considered and thoughtful submissions were received from Local Governments and individuals involved with the process. These submissions have enabled this paper to be expanded with greater breadth and depth of material and WALGA is thankful to those that took the time to contribute their own or their organisation's learnings.

It is hoped that this paper will guide future WALGA advocacy and assist future Local Government leaders to avoid the mistakes and leverage the benefits of the Metropolitan Local Government Reform process.

For further information please contact:

Timothy Lane

Manager, Strategy & Association Governance
(08) 9213 2029 or tlane@walga.asn.au

Tony Brown

Executive Manager, Governance & Organisational Services
(08) 9213 2051 or tbrown@walga.asn.au

Executive Summary

This paper has been prepared to capture ‘lessons learnt’ from the 2011-2015 Metropolitan Local Government Reform process to ensure that any future reform process is undertaken appropriately and strategically for the benefit of local communities.

The focus of the first version of this paper was on lessons learnt at a sector-wide, strategic level. This revised version incorporates organisational and personal learnings obtained from detailed and thoughtful submissions from a number of participants in the reform process. These submissions have expanded the scope and depth of the paper to incorporate an organisational perspective to the reform process.

Key themes have been identified and explored to extract learnings from the process:

- **Politically**, the Government’s policy options were constrained by a commitment to “no forced amalgamations” and to using existing provisions of the *Local Government Act 1995*. Further, the Government failed to politically sell the argument in favour of reform and this allowed opponents to effectively campaign against the change.
- **The policy framework**, which was shaped by the Government’s political constraints, caused significant implementation issues for Local Governments. The dual transition framework, involving amalgamations and boundary adjustments, is discussed as is the lack of legislative authority for Local Implementation Committees that were charged with implementing reform at a local level.
- **Funding** provided by the State Government was insufficient and significantly less than what the State Government committed to early in the process and this created another political constraint for the State Government.
- **The timeframe** to implement reform was inadequate and this created uncertainty and compromised decision making at all levels. Decisions were typically made on the basis of expediency rather than achieving the best outcome.
- **A sense of uncertainty** transcended the process due to the tight timeframe, the political constraints of the Government, the unclear and often shifting policy framework and the ongoing political jostling from multiple actors. This caused anxiety for individual staff concerned with their future as well as significant issues for Local Governments in their efforts to achieve optimal implementation outcomes.
- **Splitting Local Government boundaries** created significant issues and had very high costs, in part because the guidance provided – that Local Governments should ‘negotiate’ regarding the distribution of assets, liabilities and staff – was inadequate. Coupled with the uncertainty and anxiety created, a key lesson of the Metropolitan Local Government Reform is that Local Government boundaries should not be split without an overwhelming justification.

- **Organisationally**, many Local Governments observed and documented a range of learnings during implementation of Metropolitan Local Government Reform, including the importance of robust leadership and consistent communication, the benefits of external facilitation in a potentially adversarial process, the importance of utilising a project management methodology and the capacity challenges faced by Local Governments in implementing a project of the scope and magnitude of structural reform. Significantly, many Local Governments have been able to leverage the work undertaken during the reform process to undertake organisational and service delivery reviews for the benefit of their community.
- **The Local Government Reform Toolkit** demonstrated the collaborative power of the Local Government sector when supported by the State Government. The Toolkit was a well utilised resource that was updated when templates and examples became available.

The paper also explores Metropolitan Local Government Reform through the lens of change management theory. In particular, Kotter's 8-Step Process for Leading Change provides a useful theoretical framework through which the reform process can be assessed.

Finally, a more appropriate process for future Local Government Reform is outlined and the following key learnings are discussed:

1. Local Government Reform is broader than boundaries;
2. A collaborative process will be more successful than a confrontational process;
3. A shared vision of a better future needs to be developed with Local Government input;
4. Local level transition committees must be legislatively empowered to make decisions necessary for the implementation of reform;
5. It should not be assumed that the community is ambivalent about their Local Government;
6. Reforms should be carefully and strategically planned and processes should be clearly defined and understood; and,
7. Local Government boundaries should not be split without an overwhelming justification.



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1 Background

This paper aims to document ‘lessons learnt’ from the Metropolitan Local Government Reform process, which commenced in 2011 with the establishment of the Metropolitan Local Government Review Panel and ended in February 2015 when the Minister for Local Government announced that the Government no longer intended to proceed with gazetted boundary adjustments and other reforms.

1.1 Scope

There are three levels of analysis for consideration of lessons learnt during the Metropolitan Local Government Reform process:

1. **Sector-wide** – focusing on the political vision and strategic policy;
2. **Inter-Local Government** – focusing on Local Implementation Committees and the relationships between Local Governments involved in an amalgamation or boundary change; and,
3. **Individual Local Government** – focusing on organisational change inside individual Local Governments.

WALGA, as the Local Government peak body involved politically and strategically in the process, is well positioned to document lessons learnt in relation to the strategic policy framework of Metropolitan Local Government Reform. The strategic policy framework is therefore a key focus of this paper, while inter-Local Government relationships are discussed with reference to Local Implementation Committees (LIC).

Local Governments are well placed to provide input into lessons learnt regarding Local Government relationships and organisational change and, to that end, submissions from Local Governments and individuals involved in the process have shaped the paper’s key themes from an organisational change management and project management perspective.

Clearly, the three levels of analysis are interconnected and the impacts of decisions cascade from the political level to the Local Government sector and to individual Local Governments. Decisions that are made regarding sector-wide policy shape relationships between Local Governments and these relationships have significant effects for individual Local Governments and their Elected Members and staff.

1.2 Timeline

This paper focuses on the Metropolitan Local Government Reform process that began in 2011 with the formation of the Metropolitan Local Government Review Panel and ended in February 2015.

The following table outlines key dates of the Metropolitan Local Government Reform process.

Table 1 – Key Dates: Metropolitan Local Government Reform	
July 2011	Formation of Metropolitan Local Government Review Panel
December 2012	Panel releases final report – recommends 30 Local Governments should become 12
March 2013	Western Australian State Election
July 2013	Government releases its response to the Panel’s report – recommends 30 Local Governments should become 14
September 2013	Local Governments and the Minister for Local Government submit proposals to the Local Government Advisory Board (LGAB)
October 2014	<p>LGAB recommends 30 Local Governments to become 17 using a mix of amalgamations and boundary adjustments. The Minister for Local Government accepted all but two of the recommendations resulting in 21 Local Governments, formed by:</p> <ul style="list-style-type: none"> • Three amalgamations; • Seven boundary adjustments of two Local Governments into one; and, • Two boundary adjustments that change a Local Government’s boundary. <p><u>Boundary Adjustments:</u></p> <ul style="list-style-type: none"> • City of Swan and Shire of Mundaring to form City of Swan • City of Bayswater and Town of Bassendean to form City of Bayswater • City of Belmont and Shire of Kalamunda to form City of Belmont • Town of Cambridge and City of Subiaco to form City of Subiaco • City of Armadale and the north of the Shire of Serpentine-Jarrahdale to form City of Armadale • Shire of Murray and the south of the Shire of Serpentine-Jarrahdale to form Shire of Murray • City of Gosnells and City of Canning to form City of Gosnells • A modified City of Stirling • A modified City of Melville <p><u>Amalgamations:</u></p> <ul style="list-style-type: none"> • City of South Perth and Town of Victoria Park to form City of South Park • City of Fremantle and Town of East Fremantle to form City of Fremantle • City of Kwinana and City of Cockburn to form City of Jervoise Bay <p><u>Rejected LGAB Recommendations:</u></p> <ul style="list-style-type: none"> • Amalgamation of the City of Nedlands with the Towns of Claremont, Cottesloe, Mosman Park and the Shire of Peppermint Grove to form the City of Riversea • Amalgamation of the City of Perth with the City of Vincent.



December 2015	Governor's Orders formalising the boundary changes gazetted.
February 2015	Polls of the community defeat the three amalgamation proposals. The Government halts the process and revokes previously gazetted Governor's Orders for the remaining boundary adjustments.

2 Key Themes

A number of key themes were identified throughout the process and subsequently through Local Government submissions to the first version of this paper. The themes discussed below are interrelated and the effects of decisions and actions taken at an overarching state level transcend through organisations to have an impact on all Local Government staff.

The following interrelated key themes have been identified and are explored below:

1. Political vision and political constraints;
2. The policy framework;
3. State Government funding;
4. The timeframe, which compromised decision making;
5. Uncertainty;
6. The impact of splitting Local Government boundaries;
7. Local Government implementation; and,
8. The Local Government Reform Toolkit.

2.1 Political Vision and Political Constraints

A key lesson for all actors in the Metropolitan Local Government Reform process is that structural reform of Local Government is necessarily a *political* process and this must be acknowledged. A consequence of the political nature of the process is that there must be an understanding that political acts have significant, often amplified, real world impacts. When political figures – both State and Local Government – make contradictory statements about the intended process or the expected outcomes, the uncertainty cascades from the political sphere into senior management and staff in Local Governments and into the community.

Notwithstanding the inherently political nature of the process, political constraints hampered the Government from the beginning of the process. These constraints left the Government little flexibility to implement its preferred reforms and the Government lacked the authority to ensure its preferred outcomes were achieved.

In particular, the commitment to “no forced amalgamations” led to a policy framework reverse engineered to ensure the appearance of not being forced.

Secondly, the Government’s desire to use the existing legislative framework for structural reform constrained the Government’s policy options and resulted in an ad hoc approach.

Finally, the Government’s failure to prosecute a compelling vision for change created a fertile environment for opponents of reform to argue against the change.

2.1.1 No Forced Amalgamations

Prior to the March 2013 State election, the Premier committed to “no forced amalgamations” of Local Governments. This led to a process that was not *legislatively forced* but was engineered so that Local Governments had few choices but to comply. Since the Minister for Local Government is empowered to submit proposals to the Local Government Advisory

Board (LGAB) most Local Governments decided to comply with the Government's policy direction and submit proposals that accorded with the Government's preferred model.

In July 2013 the Government released its response to the Metropolitan Local Government Review Panel's Final Report including its preferred structural reform model to be achieved through a mix of amalgamations and boundary adjustments. The Government's preferred model recommended a reduction in Perth's Local Governments from 30 to 14.

During the second half of 2013, Local Governments were invited to submit proposals to the LGAB on the basis that they conformed to the Government's preferred model. Initially, the Government stated that 'only minor changes' to the Government's model would be accommodated, but over time this requirement loosened. Since Local Governments submitted a majority of the proposals to the LGAB, the process appeared to be voluntary, but the threat of Ministerial proposals was ever-present.

The threat of the submission of Ministerial proposals to the LGAB led many Local Governments to make strategic decisions that would serve their interests, sometimes at the expense of their neighbours' interests. For example, Local Governments would publically declare their support for the Government's preferred model (if it accorded with their interests), or Local Governments would develop a counter proposal that was more in accordance to their interests for submission to the LGAB.

The adversarial environment that was created pitted some neighbouring Local Governments against one another. Consequently, the adversarial environment led to conflict when neighbouring Local Governments were expected to act cooperatively within their Local Implementation Committee during the implementation phase of Metropolitan Local Government Reform.

2.1.2 No Changes to Legislation

Early in the process, the Government ruled out making changes to legislation, which further constrained the Government's policy options. As a result, the process relied on Schedule 2.1 of the *Local Government Act 1995*, which was designed for piecemeal reform, not the strategic change expected to be delivered by the Metropolitan Local Government Reform process.

The Government proposed amendments to the *Local Government Act 1995* that would allow the LGAB to consider proposals more strategically and holistically, but those amendments were never passed by Parliament. This constrained the LGAB which had to consider a large number of overlapping proposals simultaneously. Further, there was some misunderstanding in the Local Government sector and the community about the LGAB's constraints in terms of what the Board could and could not recommend.

The Government's decision not to amend or introduce legislation was also problematic because Local Implementation Committees, charged with implementation of reform at the local level, did not have the legislative authority to make decisions. This issue will be discussed further in Section 2.2.2 as part of the policy framework.

2.1.3 Vision for the Future and Rationale for Change

The Government did not outline a coherent vision of the benefits of Metropolitan Local Government Reform or the future of Local Government in metropolitan Perth.

Throughout the process, various arguments in favour of change were floated, but they were never vigorously pursued and this allowed space for opponents to argue the case against change.

The arguments put forward by the Government in favour of Metropolitan Local Government Reform can be summarised as follows:

1. Local Government boundaries should be changed because they are outdated;
2. There is inconsistency across Local Governments in terms of Local Laws, policies and processes;
3. Metropolitan Local Government Reform will help address metropolitan region issues;
4. Economies of scale will put downward pressure on rates; and,
5. Larger Local Governments will have greater strategic capacity.

The arguments above were, in many cases, effectively countered by Local Governments and community groups opposed to Metropolitan Local Government Reform. None of the arguments put forward thoroughly explained *why* change was *necessary* or *urgent* and how the benefits of reform would outweigh the costs. Without the Government firmly and repeatedly arguing for the reform, there was room for the case against the reforms to be put forward without challenge.

2.2 Policy Framework

The policy framework was necessarily shaped by the political constraints outlined in Section 2.1.

The two key issues related to the policy framework were:

1. The two different structural reform frameworks – boundary changes and amalgamations; and,
2. The lack of legislative authority for Local Implementation Committees.

Both of these issues caused significant implementation challenges for Local Governments during Metropolitan Local Government Reform.

2.2.1 Amalgamations and Boundary Adjustments

A key aspect of the policy framework was the two structural reform mechanisms used to facilitate change: amalgamations and boundary adjustments.

By not prosecuting the case for change, and by ruling out changes to the Local Government Act, structural reform was to be implemented using Schedule 2.1 of the Act, which outlines

the process for both amalgamations and boundary changes but was not designed for wholesale, strategic change.

The rationale for some Local Governments being merged via an amalgamation and some via a boundary adjustment was unclear to many in the sector and many community members.

One plausible explanation is that boundary adjustments were preferable to the Government because boundary adjustments did not provide residents the opportunity to petition the Minister for Local Government for a binding poll of electors under the poll provisions contained in Schedule 2.1 of the Act. While the issue of whether electors of a Local Government would have the opportunity to vote was the focus for many, there were also practical challenges associated with the two structural reform mechanisms.

In most of the boundary adjustments one Local Government was to expand its boundaries to subsume the boundaries of its neighbouring Local Government. This form of boundary adjustment could be characterised as a 'takeover', in that the continuing Local Government had significant power in decision making on the LIC, while the Local Government being subsumed had comparatively little power.

This power imbalance caused significant issues for Local Governments being subsumed by their neighbour. Understandably, there were significant negative impacts on workforce morale for Local Governments that were being taken over or split into two or more of their neighbouring Local Governments.

In an amalgamation, two or more Local Governments would be abolished to form a new entity. This structural reform mechanism also had challenges. In particular, as LICs did not have legislative authority to make decisions, amalgamations could be characterised as a 'power vacuum'. Where the amalgamation was not entirely supported by both Councils, there were two Chief Executive Officers, two Mayors, two Councils and two Executive Teams competing for power and influence and this, in turn, led to slow and difficult decision making.

The issues identified above were directly attributable to the policy framework that was in place and in particular, that LICs did not have the legislative authority to make decisions. The process of Local Governments making submissions to the Local Government Advisory Board and the implementation policy framework necessarily created conflict between Local Governments and, while some worked together better than others, relationships between neighbours were strained.

2.2.2 No Legislative Authority for Local Implementation Committees

Another key issue, identified early in the Metropolitan Local Government Reform process, was the lack of legislative authority for LICs to make binding decisions.

WALGA, and others, advocated strongly throughout the process for legislative or regulatory change to empower LICs with the authority to make binding decisions. In Queensland,

legislation was changed to empower the Local Transition Committees and Interim Chief Executive Officers to make binding decisions.

The State Government was unwilling to change the legislation and, consequently, the resultant LIC framework relied on goodwill between the reforming Local Governments. Unfortunately, goodwill was not always present given the adversarial process that Local Governments had been through in submitting their proposals to the Local Government Advisory Board.

In practice this meant that LIC decisions had to be ratified by each individual Council to take effect. This essentially relegated the LIC to the role of an 'advisory committee' and added a time consuming and sometimes contentious step into the process.

For amalgamations, decision making was slow and often tense with two sides competing for power and influence. In boundary adjustments one Local Government had significant power while the other was often disempowered and disenfranchised as they believed they were being taken over. The dynamic in both cases was directly attributable to the policy framework and the policy framework was compromised due to the political constraints of the Government.

A more effective process would have been for Governor's Orders, which would have legally established the new Local Governments, being gazetted prior to the formation of LICs with a timeframe of 18 months to two years for transition following the Governor's Orders.

2.3 Funding

Funding of implementation for Metropolitan Local Government Reform was a key political issue during the process.

Early in the process the Minister for Local Government repeatedly committed that the State Government would fund the process. However, the release of the 2014 State Budget confirmed that this would not be the case. The Government committed to providing \$15m in direct grants and \$45m in low interest loans. WALGA initially estimated the total cost of reform at between \$60m and \$100m, a figure that was refined to an estimate of \$95m following the release of the LGAB's recommendations.

The gap in funding, between the State Government's commitment and the sector's estimate of costs, became a key political issue for Metropolitan Local Government Reform. In fact, it could be argued that funding was the most critical issue for the Local Government sector during Metropolitan Local Government Reform. This was not necessarily because funding was the most important issue in terms of its impact on the process, but because advocacy regarding the funding shortfall was an issue that the entire sector could agree upon.

In contrast, issues relating to the policy framework were more significant in terms of the likelihood of achieving successful outcomes, but the sector was not united in advocating on those issues. Some Local Governments were supportive of Metropolitan Local Government Reform while others were vehemently opposed. This is because the structural reform policy framework, particularly the boundary adjustment model, created 'winners' and 'losers'.

Finally, no detailed cost-benefit analysis was undertaken despite significant financial resources, and opportunity costs in terms of staff and management time, being devoted to Metropolitan Local Government Reform.

2.4 Timeframe

The timeframe for implementation was also a key issue during Metropolitan Local Government Reform.

The planned commencement date for reformed or newly established Local Governments was 1 July 2015. This date was approximately two years after the Government released their response to the Metropolitan Local Government Review Panel's Final Report. While this timeframe seems to be appropriate, the first 18 months was taken by the Local Government Advisory Board inquiring into many different, over-lapping proposals. The timeframe would have been challenging for the Local Government Advisory Board, as there was pressure on the Board to make decisions in a timely manner so Local Governments could commence their transition work with certainty.

The tight timeframe put significant pressure on the transition work to be undertaken by Local Governments. Boundary adjustments were gazetted in late December 2014 and the amalgamations were due to be gazetted in March 2015, subject to the outcomes of the polls of the community. The delays in the structural reforms being gazetted meant that there was limited time for the transition work to be undertaken thoroughly prior to the 1 July 2015 commencement date of the new or reformed entity.

In many cases, much of the transition work would have had to have been undertaken following the commencement of the new entity.

2.4.1 Compromised Decision Making

Due to the limited timeframe and uncertain and shifting process, Local Government and LIC decision making in Local Governments was compromised. In particular, Local Governments reported that expediency became the key decision making determinant instead of achieving optimal outcomes.

For example, in boundary change scenarios, the systems and processes of the larger, continuing Local Government would be chosen even if the smaller Local Government's system or process would result in a better outcome simply because it was the more expedient option in the time-constrained circumstances in the context of multiple competing and overlapping deadlines.

Further, the time constrained process curtailed innovation as meeting the looming deadline became more important than achieving optimal outcomes for the organisation and the wider community.

2.5 Uncertainty

Coupled with the tight timeframe for implementation of Metropolitan Local Government Reform, there was significant uncertainty regarding many aspects of the process.

For example, in July 2013 the Government released their preferred structural changes for metropolitan Local Governments and invited Local Governments to put forward submissions to the Local Government Advisory Board that accorded with the Government's preferred model. At the time the Government stated that only minor changes to their preferred model would be acceptable. However, in November 2013, after successful lobbying by a number of Local Governments, the Government released a revised model with a number of significant changes.

Similarly, the Government committed to using the existing provisions of the *Local Government Act 1995* to instigate change, but then introduced an amendment bill that would have fundamentally changed the composition and the processes of the Local Government Advisory Board. The amendment bill was then further amended before being dropped.

These kinds of policy shifts gave the appearance of a lack of political authority which encouraged lobbying and political opposition to Metropolitan Local Government Reform from Local Governments and community groups.

As discussed in Section 2.4, the Local Government Advisory Board had to simultaneously consider a number of contradictory proposals, which meant there was limited certainty for Local Governments to commence implementation of Metropolitan Local Government Reform ahead of LGAB and Government decisions.

Policy shifts later in the process also created uncertainty, anxiety and resentment. For example, the overarching Metropolitan Reform Implementation Committee (MetRIC) was originally proposed to consist of one Elected Member per LIC. During the process this shifted and some LICs were represented by multiple Elected Members. Such policy shifts were endemic and undermined the communications and policy direction outlined by the Government, creating further uncertainty.

There were also second order effects as a result of the uncertainty and ad hoc policy process. For instance, there was no consideration of the impact of Metropolitan Local Government Reform on Regional Local Governments, formed by Local Governments to undertake specific activities. Regional Local Governments were typically not involved in the process, yet would be heavily impacted by the outcomes. This uncertainty, and lack of consideration, affected staff of Regional Local Governments and the ability of Regional Local Governments to undertake long term project planning.

2.6 Splitting Local Government Boundaries

The splitting of Local Governments through the boundary change process created significant issues for the Local Governments involved and the guidance provided by the Government and

the Local Government Reform Toolkit (discussed in section 2.8) were not sufficient for the issues that arose.

In particular, where a Local Government's area was to be divided between two or more of their neighbours, negotiation over Local Government assets, liabilities and staff was threatening to become a very significant issue prior to the rescission of Governor's Orders. The *Local Government Act 1995* provides limited guidance over how assets and liabilities would be shared beyond stating that Local Governments should negotiate. This led to intense negotiations between affected Local Governments over assets, liabilities and staff and this uncertainty understandably had an impact on staff and their morale.

Decision making guidance stating that Local Governments should 'negotiate' is insufficient when significant public infrastructure is at stake, particularly in the context of a process characterised by uncertainty and a very tight timeframe. 'Negotiation' as the only decision making guidance essentially means that anything and everything is negotiable when, in practice, there needed to be non-negotiable aspects of the boundary change process.

One Local Government undertook a timely and costly process to model the allocation of assets, liabilities and staff and then had this model verified by external consultants. However, in a climate of 'negotiation', the modelling and assumptions were still challenged and repudiated. Such a process seems unlikely to be efficient or able to produce optimal outcomes.

Staff of Local Governments being split were in an invidious position. Aware that negotiations were occurring about their future role and place of employment, uncertainty and anxiety was omnipresent. Local Governments were seeking to accommodate the preferences of staff in their negotiations with their neighbours about their employees' future roles and the receiving Local Governments, understandably, had their own views about the staff and roles they would be willing to accommodate.

Data migration and the keeping of vital records was also a significant issue for boundary changes involving the splitting of a Local Government. Again, there was no guidance about how these types of issues should be resolved.

A key lesson from the Metropolitan Local Government Reform process is that splitting of Local Governments should not be undertaken without a very strong rationale and without a clear understanding of the issues and costs involved.

2.7 Local Government Implementation

There were many lessons to be learned at an organisational level during the Metropolitan Local Government Reform process.

One benefit is that, through the process, Local Governments had the opportunity to compare and contrast their own approaches, systems and processes to that of their neighbours. This led to a number of Local Governments reviewing and improving systems and processes as a result and others conducted comprehensive organisational or service reviews.

Some key lessons from the process from a Local Government perspective include:

1. The importance of leadership and consistent communication;
2. The benefits of independent, external facilitation;
3. The importance of applying a thorough project management methodology; and,
4. Capacity constraints in Local Government of implementing a project of the complexity and magnitude of Local Government structural reform.

2.7.1 Leadership and Communication

Leadership and communication is clearly important in any significant change process and this was particularly the case during Metropolitan Local Government Reform given the uncertainty of the process and the competing and contradictory political messages coming from state and local leaders.

To assist with the challenges associated with significant organisational change, many Local Governments established shared intranet or internet resources, held joint social functions, and published regular updates and newsletters for their staff and community stakeholders. Local Governments reported that it was impossible for their leaders, particularly the Chief Executive Officer, to over-communicate during the process.

There were particular challenges for Local Governments whose amalgamation or boundary change partners were politically opposing the reform process. Again, it must be acknowledged that structural reform is a political process and political messaging will have a significant impact on the success of the process.

2.7.2 External Facilitation

A number of Local Governments highlighted the importance of independent facilitators to assist in progressing discussions between LICs, executive teams and project teams of merging Local Governments. Further, it is important to acknowledge that self-interest will be present and has the potential to cause significant issues in any structural reform process. It is in this context that independent facilitation assisted a number of Local Governments in progressing their discussions regarding implementation of the transition process.

External facilitation can also assist in reducing the cultural challenges associated with bringing organisations together, which some Local Governments reported were greater than expected.

2.7.3 Project Management Methodology

A key lesson for a number of Local Governments relates to the adoption of a thorough and robust project management methodology. Due to the tight timeframe and complexity of merging or splitting Local Governments, Local Governments reported that utilisation of a project management methodology was essential.

Given the complexity of the project and the tight timeframes, Local Governments reported that prioritisation of tasks was crucial and required significant focus from a LIC and project management perspective.

Early establishment of a 'reform office' and project manager was also a crucial key learning from a Local Government organisational perspective.

2.7.4 Local Government Capacity

Another key organisational learning is that Local Governments do not necessarily possess the project management and other specialist technical expertise required for merging or splitting Local Governments.

This is particularly the case when staff in Local Governments will often be undertaking reform project work in addition to their normal tasks. Coupled with uncertainty and anxiety regarding their future employment, the added workload created issues of stress and burnout.

Local Governments sought assistance from external providers and as a result of increased demand, and tight timeframes, prices for external services increased creating further strain on the organisations involved.

2.8 Local Government Reform Toolkit

The Local Government Reform Toolkit represents a successful aspect of the Metropolitan Local Government Reform process.

A joint project by WALGA, LGMA (WA) and the Department of Local Government and Communities, with significant contributions made by Local Governments involved, the Local Government Reform Toolkit provided a vivid demonstration of the collaborative ability of the Local Government sector when supported by the State Government.

The Toolkit provided guidance and templates related to a range of different Local Government functions and processes as well as change and project management material. The Toolkit was also updated throughout the process as policy changed, issues were identified and examples from Local Governments were made available.

While useful for many, the guidance and templates in the Toolkit were insufficient for some of the issues that arose, particularly relating to Local Governments that were split between more than one of their neighbours.

3 Change Management Theory

It is instructive to apply change management theory to a discussion and analysis of lessons learnt during Metropolitan Local Government Reform.

3.1 Kotter’s 8-Step Process for Leading Change

John Kotter’s 8-Step Process for Leading Change is often applied as a framework for organisational change and was uploaded to the Local Government Reform Toolkit to assist Local Governments during Metropolitan Local Government Reform.¹ While Kotter’s framework is most often applied to organisational change, it also has relevance to Metropolitan Local Government Reform as change within the Local Government sector.

The eight steps in Kotter’s change management process are listed in the table below.

1.	Create urgency	
2.	Form a powerful coalition	Creating the climate for change
3.	Create a vision for change	
4.	Communicate the vision	
5.	Empower action	Engaging and enabling the organisation
6.	Create quick wins	
7.	Build on the change	Implementing and sustaining the change
8.	Make it stick	

Applying Kotter’s 8-Step Process for Leading Change to Metropolitan Local Government Reform yields a number of lessons for any future Local Government reform process.

Kotter’s first step is to create a sense that the change is urgently needed. Urgency for Metropolitan Local Government Reform was created to an extent with the formation of the Metropolitan Local Government Review Panel. However, some of the urgency was lost with time between the Panel reporting in December 2012 and the Government publishing its response to the Panel’s Report in July 2013. Further, as the Government did not strongly prosecute the benefits of reform, there was not a sense that reform was urgent because the sector, or the community, would be in a better position after the reforms had been implemented.

Kotter’s second step is to form a powerful coalition. While Metropolitan Local Government Reform had many supporters, the nature of the policy process, which was adversarial and created ‘winners’ and ‘losers’, ensured that the process also had many opponents.

Kotter’s third step is to create a vision for change, and his fourth step is to communicate the vision. As stated in Section 2.1.3, the Government did not cogently and forcefully promote a

¹ Available from: <http://www.kotterinternational.com/the-8-step-process-for-leading-change/>

vision for a better future and this provided space for opponents to promote the case against change.

Kotter's fifth step is to empower action. Due to the adversarial policy framework and the uncertainty associated with the process, it was difficult for Local Governments and Local Implementation Committees to take meaningful action.

Steps six, seven and eight of Kotter's process relate to implementation of change; Metropolitan Local Government Reform did not progress to the implementation phase.

Notwithstanding the failure to progress Metropolitan Local Government Reform to the implementation stage at an overarching state level, many Local Governments were successful in communicating a vision, empowering action and creating quick wins. Local Governments that were most successful were able to leverage the work undertaken through the reform process to review and reform their own organisations or service delivery processes for the benefit of their communities.

Analysis of Metropolitan Local Government Reform with reference to Kotter's 8-Step Process for Leading Change provides a vivid demonstration of the need to foster a climate for change by creating urgency, ensuring stakeholders are on side and enunciating a vision for a better future. Further, it is important to engage and enable stakeholders by communicating a coherent vision and empowering action.

The Government's political constraints and an adversarial and ad hoc policy framework made it very difficult for Metropolitan Local Government Reform to be effectively implemented.

4 Conclusion

This paper has demonstrated that there are significant lessons to be learnt from the Metropolitan Local Government Reform process and it is important that any future process does not see a repeat of similar mistakes. There are lessons to be learnt for all stakeholders including the State Government, WALGA and Local Governments. This section aims to summarise some of the key lessons and provide a framework for a better alternative.

4.1 Key Lessons

There are numerous lessons to be learnt from the Metropolitan Local Government Reform process.

4.1.1 More than Boundaries

Firstly, and perhaps most importantly, Local Government Reform should be about more than boundaries. There are many opportunities to improve the efficiency and effectiveness of the Local Government sector. For example, the recently legislated Integrated Planning and Reporting Framework has ingrained a focus on long term financial and asset management for Local Governments that, over time, will benefit local communities. Further, legislation that would enable Local Governments to establish regional subsidiaries would allow Local Governments to explore options for resource sharing. The Metropolitan Local Government Reform process had a significant focus on boundaries at the expense of other potential reforms that would deliver beneficial outcomes for local communities.

4.1.2 Collaboration over Confrontation

Some may claim that the Metropolitan Local Government Reform process demonstrates that reform can only work if it is 'legislatively forced' by the State Government citing interstate examples as evidence. On the contrary, the structural reform process used in South Australia demonstrates that a collaborative approach with the sector can produce positive outcomes.

The adversarial environment created during Metropolitan Local Government Reform necessarily led to strained relationships between the State Government and some in the Local Government sector, as well as between some Local Governments.

A collaborative process, in which the State Government and Local Government sector work together in partnership, possibly with incentives for reform, is more likely to lead to sustainable, positive outcomes. The development of the Local Government Reform Toolkit provided a vivid demonstration of the outcomes that can be achieved through the collaborative power of the Local Government sector working together with support from the State Government.

4.1.3 Shared Vision of a Better Future

It is important in any reform journey that a shared vision of a better alternative is developed and communicated throughout the process. This applies to the sector as a whole and at the Local Government and community level. During Metropolitan Local Government Reform, it

was evident that some Local Governments and communities were supportive of the process, while others opposed reform and actively campaigned against the change.

Resilient leadership coupled with frequent and consistent communication is critical to any change process and is particularly important in a politically contested and emotionally charged process such as Local Government structural reform. Communication should be consistent from all levels to reduce uncertainty and anxiety among all participants, especially Local Government staff.

4.1.4 Legislative Authority for the Transition

A key lesson of the Metropolitan Local Government Reform process is that local level transition committees must have the legislatively backed authority to make binding decisions. As discussed in Section 2.2.1, it is difficult to proceed with a process based on goodwill between reforming parties, particularly when an adversarial reform environment has drained participants of goodwill.

Ideally, Governor's Orders would be issued with 18 months to two years provided for the transition work to be undertaken.

4.1.5 The Community Cares

It was often assumed, throughout Metropolitan Local Government Reform, that people are ambivalent about Local Government and would not vote in a poll of electors in relation to an amalgamation proposal under Schedule 2.1 of the *Local Government Act 1995*. As it turned out, more than 50 percent of electors voted in three Local Government areas to defeat the amalgamation proposals and effectively end the Metropolitan Local Government Reform process. It is an ongoing challenge for Local Governments to continue to demonstrate their value to their communities after faith was shown in them via the ballot box.

4.1.6 Strategic Policy Framework with Clear Processes

The policy framework and, if applicable, legislative amendments applied to Local Government reform need to be strategically considered and designed for their specific purpose. The Metropolitan Local Government Reform process used legislation that was not drafted for wide-scale reform and, subsequently, an ad hoc policy framework that engendered an adversarial environment.

Further, for structural reforms to succeed, Local Governments need to understand clearly defined processes and timeframes in advance. Often, during Metropolitan Local Government Reform, aspects of the policy process were unclear. For example, the process for the distribution of assets, liabilities and staff for Local Governments that were being split across more than one other Local Government was undefined and Local Governments were left to negotiate. There were signs prior to the abandonment of the process that the distribution of assets, liabilities and staff was going to be a major issue that could have jeopardised the success of the process.

Clearly defined processes need to be established and explained to allow Local Governments to plan appropriately.

Further, it is crucial that a thorough, robust project management methodology is applied at both overarching and local levels.

4.1.7 Local Government Boundaries should not be Split

Local Government Boundaries should not be split amongst two or more of their neighbours without a very strong justification because the issues created (as discussed in Section 2.6) are significant and the costs are very high.

4.2 A Better Way

With public funds and public trust at stake, it is extremely important that Local Government reform is implemented strategically and for the benefit of local communities.

The Metropolitan Local Government Reform process demonstrated that an adversarial political climate and ad hoc policy framework would not achieve optimal outcomes for local communities.

For Local Government reform to be successful, the State Government and the Local Government sector must work collaboratively to develop a shared vision of a better future. With a presence in communities all over Western Australia, Local Governments are a powerful, place-based ally for the State Government to achieve meaningful policy outcomes for the benefit of local communities.

Any future Local Government reform process should address more than the shifting of boundaries. There are ways for Local Governments to improve their community representation and service delivery that do not require boundaries to be changed.

Further, any future reform process needs to be thoroughly planned and implanted as a significant, strategic reform. Legislation and legislative amendments, processes, funding arrangements and timeframes need to be clearly defined and understood so that all stakeholders can make informed decisions.

Local Government reform is too important and too costly to get wrong.