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CONFEERENCE PAPER

Making a case for adoption of project management methodology for capital works projects in Australian local governments

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Synopsis

Literature has been used to support the argument for adopting a project management methodology (PMM) in local government and to describe the potential benefits, including enhanced accountability and transparency, greater consistency in delivery, increased control, better risk management and better staff morale and job satisfaction. However, the question remains: Why have such PMMs not been implemented more widely in local government? Research is needed to investigate the barriers and catalysts of PMM adoption, which might facilitate PMM implementation.

Research design

The proposal is undertaken through a literature review.
Relevance for practice / education
Despite local government undergoing considerable changes, adoption of a PMM to increase efficiency in the delivery of projects is sporadic. It is not known why the uptake of PMMs is infrequent. The paper argues for further research to explore the challenges of implementing a PMM.

Main findings
Literature indicates that despite the documented benefits of PMMs, their adoption in local governments is intermittent. The paper concludes with asking: Why have such PMMs in local government not been implemented more widely?

Research implications
The paper recommends that further research is needed to explore the reason for intermittent implementation of PMMs in local government. The outcomes of this research also could be used by other researchers to expand the scope into state and federal levels of governments.

Keywords
Project Management, Local Government, Municipal Council, Project Management Methods, Project Management Frameworks

Introduction
Project management failures in the private sector command considerable exposure, attention and publicity. Failure of public sector projects often attracts more attention than the private sector, as public money is being spent. Whilst the local government context provides many opportunities for research, investigation into project failures in the Australian local government context has not been carried out. This paper explores current levels of adoption of project management methodologies (PMMs) in local government bodies in Australia and identifies where further research is required.

Local government is the tier in a larger government sector that is in direct contact with the general public. “It is the level of government closest to the people and gives people a say in matters affecting their local area. Councils are governments that provide a vehicle for the expression of local democracy” (Victoria State Government (VSG) 2016). Local governments play a vital role delivering products and services that benefit and directly impact the population in its municipalities, such as planning and building compliance, local laws, maternal healthcare, animal management, waste and recycling, drainage systems, libraries, local sporting facilities, parks and gardens, local roads and parking, to name a few out of many. It is vital that such services and products meet the expectations of a community and are effectively delivered in order to undertake their role in local government successfully. Conversely, lapses in the delivery of products and services by local government are immediately felt by the general public and are subjected to scrutiny and criticism unlike any other tier in the government.

One of the instruments of delivering service to a community is through capital works projects. Capital works projects in councils need to be delivered efficiently for two reasons: firstly, they are funded through public money; and secondly, capital expenditure projects are relatively expensive, and the risk of losses is high. It would be reasonable for citizens within a local government area to expect value for the money spent on capital works projects. Therefore,
local governments need to demonstrate that capital works projects are being managed effectively and efficiently. De Vries and Nemec (2013) warn, “Spending less and taxing more is very risky, from an economic, political as well as a social point of view. Spending ‘better’ may help out.”

A report by Project Management Institute (2013) suggests that 54% of government organizations globally do not understand the value of program management, and as a result “there is an average of US$148 million at risk for every US$1 billion invested in government agency programs around the globe.” Jeff Roorda and Associates (2015, p. 6) estimate the gross replacement value of local government infrastructure for all Australian councils is in excess of AU$438 billion, and the estimated replacement value of infrastructure potentially performing in a poor to very poor state could be in the order of AU$47 billion. Therefore, poor project management could represent a significant risk, with close to AU$7 billion of the AU$47 billion expense of the assets expenditure at risk. This level of risk is ongoing because as assets age with time, they need continual, ongoing refurbishment or replacement.

Considering the substantial value of capital works to be carried out in local government, one might expect local government municipal councils would attempt to employ a PMM to manage capital works projects in order to achieve better outcomes. Indeed, the Australian Federal Government has made several attempts to introduce PMMs at federal, state and local government levels, with what could be described as sporadic success. Perhaps we should not be surprised. “Of the 20 capability reviews conducted by the Australian Public Services Commission and released to date, 11 have noted that departments struggle with project management skills and program management practices” (Shergold 2015). These findings have been confirmed by successive Australian National Audit Office reports, who revealed evidence of poor program and project management capability, especially on more complex initiatives. This is also indicated by the proportion of municipal councils in Australia that had taken up a corporate membership of the Australian Institute of Project Management in 2012: only 7 out of 565 (ABS 2012).

The fact that local government agencies have monopolistic advantages, unique and not subjected to open market competition (i.e. libraries, local sporting facilities, parks and gardens, local road network) means their services are not valued or measured in monetary terms and are not intended to generate profits. As a result, there is less motivation for local councils to adopt process improvement steps such as PMM to improve delivery and outcomes of their project execution. However, they are expected to deliver value for money in enhancing the standard of living of those that they serve, the citizens in their area of governance, the ratepayers. Therefore, the private sector and local governments have their unique offerings; similar in their intentions of creating value, but contrasting in their objectives of doing so.

The unique setting of local government creates challenges and catalysts throughout the life cycle of a PMM, from its inception to its optimal level of maturity. This paper supports the argument for adopting a PMM in local government and describes the potential benefits and the need for further research.

Background of local government in a global context

NEW PUBLIC MANAGEMENT (NPM)

The label “New Public Management” has been brought about because of an emphasis that has emerged recently towards the complete transformation of the public sector (Gomes, Yasin & Lisboa 2008; Hood 1995), originating in the United Kingdom in the 1980s and followed by
European, Commonwealth and Scandinavian countries. De Vries and Nemec (2013) identified two dimensions to NPM, one being the minimization of government, and the second being the attempt to improve the overall internal performance of the public sector. These authors noted that in order to achieve these aims, NPM was attempting to downsize the public service in line with neo-liberalism concepts. This left two alternatives for the reform of the public sector: to outsource work to the private sector or to improve the quality of delivery of public service. Profound changes have occurred in staffing, management and public services delivery because of the introduction of NPM (Lawton 2005).

Public sector organizations now need to operate in a quasi-business manner, within a set of value assumptions and statements which define how a public sector should be designed, organized, managed and function (Diefenbach 2009). Pynnönen and Takala (2014) noted that NPM challenges the traditional bureaucratic framework, going on to say that values such as dynamicity, good service, effectiveness, innovation, flexibility, efficiency and economic achievement are appreciated in NPM. De Vries and Nemec (2013) thought these principles were too demanding and critical and that a demand to adopt such principles suddenly would lead the public sector to perform worse in comparison to the private sector. However, they also suggest that there is evidence that the majority of tools used in NPM, if effectively employed, would improve efficiency.

Although local governments do not aim to gain financial profits, they are to uphold the traditional democratic values which they exercise by means of transparent, multi-stage procurement processes designed to look after and maintain public well-being (Pynnönen & Takala 2014). Thus, there are two different demands on managers in the current public sector environment: firstly, the requirement to take control and have accountability (public and visibility); and secondly, to improve customer responsiveness, efficiency and to have economies of scale (De Vries & Nemec 2013). The first set of demands requires restoration and strengthening elements of bureaucracy. The second set calls for the adoption of better management tools such as lean management, innovation, cooperation and networks in order to achieve better efficiencies and customer responsiveness. Implementing PMM also falls in this realm. De Vries and Nemec (2013) have identified that such demands create challenges in terms of pressures of operating with multiple layers of stakeholders, regulation, self-governing and steering. Adoption of a PMM would be of relevance as a best management process. Lawton and Monfardini (2010) also discuss public accountability gaining relevance in the policies of sovereign countries and in studies by academics in the line of maintaining the ethical behaviour of public servants. A framework such as a PMM embeds and fulfils governance requirements, which in turn assists in framing accountability to the public.

**IMPACT ON EMPLOYEE COMPETENCE**

The commitment of public sector managers has shifted from being a nominative commitment to a more strategic and utility-based commitment because of the influence of NPM (Pynnönen & Takala 2014). As result of the NPM agenda, outsourcing of functions such as municipal sewerage treatment plants, nation-building efforts and some internal design works to contractors and consultants could be observed. This trend is further elaborated by Kassel (2010) “Governmental employees have gone from being scientists, engineers, technicians, and builders themselves to managers of contracts with scientists, engineers, technicians, and builders”. The resulting loss of such competencies has created a “hollow state” (Kassel 2010) and a shortage of traditionally skilled staff (Crawford & Helm 2009). Nygaard and Bramming
(2008) noted pre-NPM public sector managers needed to have expert knowledge in a limited field and to provide advice on such expertise. They argue that in the NPM era, public servants must now obtain skills and competencies such as PM and stakeholder management.

**PMM in local government projects**

**PUBLIC PERCEPTION OF LOCAL GOVERNMENT**

Although it may be unfounded, there is a general perception that the government sector is inefficient and ineffective. The general public expects value for the rates and taxes that they are being charged, and councils are meant to meet these expectations. When such expectations are not met, ratepayers express their frustration through a democratic process of dethroning councillors.

Research by Igbokwe-Ibeto (2012) shows that poor project management is detrimental to the public perception of the council, and incurs significant financial losses. Therefore, it is important that local government councils maintain proper PM procedure, that is, holistic methodology, such as a PMM, to ensure compliance, transparency and governance. As noted by Igbokwe-Ibeto (2012), “Resources, where they are wisely used, promote community and socio-economic development and improve the welfare and wellbeing of people. One of the important roles of local government administration is that it gives government legitimacy in the eyes of the people it governs.”

**ACCOUNTABILITY IN LOCAL GOVERNMENT**

Accountability at the local government level is important in global and local literature. The Project Management Institute (2006) emphasizes that public sector project managers need to be accountable to a broad range of stakeholders, including those within the project team and government as well as those external, such as the public, special interest groups and the media. Adopting an appropriate methodology can increase the likelihood of successful project completion and also facilitate transparency and the accountability mechanism (PMI 2003). The PMI goes on to note that everyone has the right to challenge public sector project managers and a PMM offers an effective management process that provides the assurance to the stakeholders that resources are being effectively managed (PMI 2003).

**FOCUS ON GOVERNANCE**

Local government governance maturity has not halted with NPM: in fact, in the early decades of the 21st century, many authors such as Accenture (2006) and Dickson and Sullivan (2014) describe local governments as experiencing a rapid change in processes in response to increasing demands to do more with less. Bryson et al. (2014) describe the next step in the continuing evolution of public administration practice as without a name, but the new phenomena have since become informally known as public value management (PVM). PVM is characterized by a combination of four established features: public value and public values, government role as a guarantor of public values, the importance of public management for the public, and emphasis on citizenship and collaborative governance (Bryson et al. 2014). The gradual decline of NPM does not necessarily mean that all aspects of NPM have failed and need to be discarded. Some aspects of NPM still hold currency in the current context, for example, the call for efficiency, transparency and accountability. Such aspects would also be applicable to the instruments used to deliver the majority of infrastructure services in the public sector – which are mostly projects and programs.
This is further supported by Crawford and Helm (2009), who state, “The vehicles for delivery generally take the form of projects and programs, and effective PM is promoted as improving the ability to achieve outcomes while providing traceability, transparency, and accountability.” They further state that, as the trend in government migrates from NPM to PVM and beyond, a change in expectations and realization of value of project management will occur in the government sector. It is presumed that although original values of NPM such as value for money, effectiveness and efficiency still hold, the added focus on public participation, consultation, political awareness/responsiveness and flexibility could be expected in future.

Interest of the people in activities of their local government especially with regards to projects that they are handling, is to provide or to encourage growth and development of civic consciousness and the desire for improvement in local governance. The second advantage of this interest in government projects at grass-root level is that it helps promote accountability in governments. Political accountability has become necessary in view of so many cases of poor execution of projects, leading to waste of scarce resources and abandoned projects that litter different parts of the community. (Igbokwe-Ibeto 2012).

Public sector managers need to be aware that there are ethical issues in the planning and execution of public projects, as such projects are generated because of public interest and benefit. Whilst they need to attend to public demand and interest, they also need to have an equitable balance in handling private sector personal/contractors that they oversee, making sure that distrust is not created with them. The public sector project manager needs to manage the governance of projects within complex rules and regulations while working in a generally politically hostile environment and downsized staffing conditions created by NPM movement (Kassel 2010). Additional challenges arise in the governance of projects when they are initiated as a result of strong political pressures. Maintaining professional standards and processes can be a struggle where stakeholders sometimes push to relax or abandon them altogether (Kassel 2010). Governance, and the systems and processes required to manage projects, can be more rigorously implemented where a PMM is adopted.

EMPLOYEE OPINION ON IMPLEMENTATION OF PMM

Work conducted by Payne and Turner (1999) suggested that in 1993 the majority of senior managers would have gradually risen from technical roles to the position that they are in now. This was not found to have changed in 2010, when Darrell et al. surveyed public administration project managers in Western Australia. They are quite familiar with the existing setup and appreciate things the way they are. They are conservative in terms of change to the existing status quo. They are loyal to their subordinates and wish to maintain the hierarchy and existing working relationships. Therefore, there is a tendency that these senior managers perceive project managers and management as being the introduction of an additional layer wedged between them and their subordinates. Payne further notes that the functional specialist also might feel threatened assuming this additional layer of management, as in doing so, PMs could limit their career progression.

Project management as a career is now more common and accepted, and it is possible that this perception of PMs as an unnecessary level of management is outdated – as demonstrated by Crawford and Helm (2009). A case study carried out by these authors into four government organizations in Australia provides insight into the value of PMs in the government sector.
It was found that overall, the staff valued the opportunity to work on projects and found satisfaction in participation; some were highly supportive of PMM implementation. Senior management considered implementing PMM as essential, and it was worth the effort in having it across the board in the organization. They were willing to face the challenge of an organization that would be resistant to change and continue to invest in PMM development of the people and processes. In all four organizations, there was evidence that PMM implementation was beneficial in terms of staff morale and satisfaction. However, they also noted that in some cases, project managers found the compliance aspect of PMM bureaucratic and time consuming, especially for small-scale projects in light of staff shortages, and found also an increase in workload due to adoption of PMM.

ABOUT PROJECT MANAGEMENT METHODOLOGIES

“A methodology is a structured approach for delivering a project, and consists of a set of processes, with each process having clearly defined resources and activities” (Turner & Simister 2000). A PMM will set out what an organization regards as best practice, improve inter-organizational communication, and minimize duplication of effort by having common resources, documentation and training (Clarke 1999). The Project Management Body of Knowledge (PMBOK) is generally regarded as a best practice PMM for infrastructure and construction projects, and is often adopted or adapted by organizations (Zielinski, 2005). However, in contrast Kerzner (2003) implies that the PMBoK is too rigid, and proposes that organizations adopt a PMM that is sufficiently flexible to support all projects. This may seem labour intensive, but Kerzner points out that the time invested in PMM development would depend on the typical size and nature of projects implemented, market competitions and functional boundaries (Kerzner, 2003). Research done by Payne and Turner (1999) further supports Kerzer’s proposition. They go on to say “where people used consistent procedures regardless of project type, size and skill type, they reported less success than where people tailored their procedures” (Payne & Turner, 1999). The world’s best organizations are adopting PMM as a “way of working,” rather than adopting them as just another methodology or a tool (Eve 2007).

BENEFITS OF IMPLEMENTING A PMM

In the light of demand to demonstrate accountability and transparency to the stakeholders, which is catalysed by political rightness, governance in implementing policy in the form of government PM is a contemporary theme. Crawford and Helm (2009) concluded the following benefits of implementing PMM:

- Enhanced accountability and transparency, consistency in delivery, increased control, better risk management and efficient and effective management of public funds
- Better staff morale and satisfaction in delivering value to the public
- Effective approach to mitigate political risks on adverse media coverage

“Applying a formalised PM framework, or methodology, to projects can assist in gaining formal agreement to the project objectives, clarifying the scope, identifying the resources required, ensuring accountability for results and performance, and fostering a focus on the final Project outcomes to be achieved.” (State Gov Tas 2011).
CHALLENGES IN IMPLEMENTING A PMM, PM MATURITY

Millions of dollars are being spent by large corporates in the hope of developing their PM system (Eve 2007). However, they fail to achieve expected outcomes from such investments because the organization is not fully aligned to adopt and support PM.

Public sector organizations responsible for infrastructure development in most non-industrialised countries, which include infrastructure departments/ministries, parasternal organizations and other statutory organization's qualify as project-oriented organizations. There are strong indications to suggest that these organizations’ PM competencies leave a lot to be desired. At face value, they purport to be fully fledged project-oriented organizations and performing as competent PM organizations, while in reality, they are predominantly dependent on accidental project managers. (Rwelamila 2007)

A common reason for the failure of PMM and of projects in general, as noted by Procca (2008), is a lack of corporate management support and its members’ full co-operation. A particular project may not be at the top of management’s priorities. Therefore, the project manager needs to make sure that there is a clearly defined sponsor for the project who can ensure his or her dedication and commitment throughout the project. Similarly, the project manager needs to ensure that all resource requirements are communicated clearly and as early as possible. A project stands a better chance of succeeding if senior management broadly communicates its commitment to the project and its sponsorship. This emphatically calls for the rest of the organization to fall in line with the project objectives. From the top to the bottom level, an organization should be sensitive to the needs and priorities of the project throughout its life cycle. If PM competencies are unable to be obtained by the organization and its employees, it would be impossible to create a PM culture – recognizing that establishing a PM culture and a PMM within an organization takes time.

Another cause of failure of the adoption of PMMs in a local government is the people and the culture of the organization (Crawford & Helm 2009; Meier 2008). Expanding on the people aspect, Payne (1993) has identified two most common problems that functionally structured organizations encounter in introducing formal PM methods and practices. The first of such problems is the rift that is created between functionally specialized groups and the project office because of mistrust. Secondly, it is the actual exercise of establishing a project team, selecting the appropriate people who “gel” together and how the team structure would be set up. Lundy and Morin (2013) stress that the ability of the project team to manage change dictates whether or not the adoption of PM is successful. They state that resistance to change causes two-thirds of change projects to fail. Therefore, resistance to change is considered as a critical challenge to the adoption of project management, and in general to the process of change management. It is possible that some of this resistance comes from older staff and those who specialize. Crawford and Helm (2009) further state that such staff are focused on doing the tasks rather than planning. Therefore, they see little importance in tools such as business case and do not see such exercises as real work. However, most employees recognize the importance of PMM; they find it difficult to adopt such to day-to-day practices. So in the event of an out-of-the-norm situation, they abandon PMM practices and just scramble (Crawford & Helm 2009).

It is important that the organization understand where it is in terms of PM maturity in order to understand the level of effort, resources and time commitment required to establish a PMM. Implementing a PMM requires changes to processes, methods and tools which are
Project management methodology success factors

In his paper, Crawford (2006) identified key factors that influence the establishment of a PM culture, maturity and adoption of a PMM. The first is establishment of a project management office; the role of a project management office is to be the “proverbial glue that holds the PM efforts of the organization together.” When attempting to establish a PMM in an organization, the role of the project office is vital. Although it assists project employees with obvious support in the areas of PM tools, training, scheduling and status reporting, a PMM also provides mentoring, consulting assistance, personnel development office catalyses and facilitates the process of PMM maturity in an organization while acting in the role of being a focal point in maintaining consistency in its approaches and operation of PMM, moving the organization towards a common vision.

The second factor is management oversight: the importance of top management and key leaders’ involvement and oversight in establishing a PMM in an organization—not to mention its maturity. Crawford (2006) stresses that it is important that management demonstrate an active interest in monitoring and measuring project performance and making the project manager responsible for the outcomes and accomplishments. If the PM community in the organization observes lack of interest from the management and realizes that no one is held responsible for project performances, an unwritten signal is sent to them that the organization does not support the establishment of a PMM – or perhaps PM in general. Therefore, top management must use the data which is being disseminated by the PM community, to the improvement of the overall performance of the organization.

Finally, PM is not specific to one specific skill category. It is an odd mix of skills, including technical, leadership and management, which few people naturally exhibit. Therefore, continued learning and development of such skills are necessary. The body of knowledge in these skills continuously evolves, and new skills also crop up from time to time; therefore, project managers need to refine and renew their skill set on a continuing basis. In line with the project manager being held responsible, Payne (1993) also insists that management needs to clearly define the project manager’s role and authority in definitively communicating to all concerned within the organization. Thereafter, they must back up the PM help to avoid the interference which would undermine project managers’ authority. The project manager’s job must be seen by all “to be important and to be considered so by top management” (Payne 1993).

Once the decision to adopt a PMM has been made, selection of the most appropriate PMM requires investigation of several factors (McHugh & Hogan 2011). The first factor would be if there are PM certification providers in order to train, support and certify the
employees. Then, select an appropriate PM method that suits the relevant business. Finally, the PMM needs to be flexible enough to be adopted by the complete range of projects that the organization carries out. Payne and Turner (1999) established through their research that PM practices vary significantly from project to project. Although they found that the adoption of a standard PM practice across all projects increases successful project completion, customizing such processes reflecting the project type further increases the success rate. Affirming this, Kerzner (2003) also states that in order to increase the success rate of a project within an organization, an in-house PM method must be developed that is flexible enough that it could be could be applied to all types of projects within the organization. Zielinski (2005) agrees, recognizing that organizations adopt recognized external PM methods, such as PMBoK, which act as a blueprint to handle projects that have different life cycles and management structures that vary depending on the organization. Delving into the development of such organization-oriented PMM, Kerzner (2003) notes that the time and effort required to tailor a PMM to an organization varies from organization to organization, and it depends on factors such as nature and size of the projects, functional boundaries the projects need to work across and, finally, the competitive pressures.

The adoption of PM culture needs to happen gradually, not radically (Firth & Krut 1991; Wang 2001), which would lead to structural reorganization of the business. They have warned against radical change, stating that it would lead to tremendous anxiety on the part of employees, who would quickly realize that they need different skills and behaviours to what they have and that these would be in high demand and of value in the future of the organization. They identified four key steps for successful adoption of PM by an organization:

- Appraise the current status; identify gaps, development needs and barriers; and define goals to be achieved.
- Establish centralized control of project activities.
- Develop competence in staff and infrastructure. Make working on the project attractive to employees.
- Relax centralized control, as project success is evident.

In line with the above, they have stressed that a formal appraisal method in traditional organizations does not appreciate or evaluate the contribution of the employee towards projects adequately, but captures only operational contribution. Reiterating this, Procca (2008) recommends for the appraisal system to be modified in order to identify and motivate potential project managers. Appropriately, it has been stated by the Project Management Institute (2003) that

an organization’s culture consists of its beliefs, values, and norms. They may explicitly express and often remain hidden to form part of the implicit context or organization life that can exercise a gravitational pull on decision-making . . . The successful implementation of PM depends on an organization’s explicit belief that the manner in which projects are managed is just as important as what they achieve. PM becomes the way we do business around here.

In order for a PMM to be successfully deployed, it is important to secure the buy-in and support of the top and middle management of the organization (Firth & Krut (1991). These authors further state that deployment is a delicate balancing act and needs to be rolled out at a pace that is governed by the feedback being received, although, in general, organizations go through a fast phase change in order to keep up with others in the industry. Therefore, the deployment of a PMM might not necessarily attract attention from middle management,
as one would expect. It is important that a PMM be introduced in "small bite" stages in the backdrop of the existing dominant culture; if not, one could expect a backlash. On the contrary, fear of potential antipathy from line managers would slow down the deployment process, which is counterproductive and would not help the movement towards a new PMM culture. During the deployment stage, it is important that specialist PM advice and support be available for projects “in the line.” At this stage, it is appropriate, as the PMM competency within the organization grows, that any specialist support be trimmed down.

**Conclusion**

This paper reviews recent reforms that the public sector worldwide has undergone under “new public management” initiatives. The main focus of NPM was to improve the quality of the public service delivery and to downsize the public service. In order to achieve this, many best practices from the private sector were adopted by local governments. One such main practice was competitive tendering, which led to many public services being contracted and outsourced to the private sector. By doing so, core technical capabilities that local governments possessed were eroded. Governmental employees have gone from being scientists, engineers, technicians, and builders to managers of contracts with scientists, engineers, technicians and builders.

The paper suggests the changes in local government have given rise to a “hollow state” that has changed the focus of the public servants’ role from a technical subject matter expert to that of a manager of procurement projects. Literature was used to support the argument for implementing PMMs in local government and to describe their potential benefits. These benefits include enhanced accountability and transparency, greater consistency in delivery, increased control, better risk management and more efficient and effective management of public funds, as well as better staff morale and job satisfaction. For all these benefits, the question remains: Why have such PMMs not been implemented more widely in local government? Future research is needed to investigate the barriers to PMM adoption as well as the catalysts of change in local government that might encourage PMM implementation.

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