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The major issue in this election is the atrocious mismanagement of Australia's affairs over the last three years. The major challenge facing the Australian people is to get Australia on the path to prosperity. There is no doubt that this can be done. It can only be done if there is an immediate change of direction in our approach to Australia's economic problems. The only road to prosperity is through policies which stimulate growth in the private sector.

Only in this way can we have the expansion of job opportunities needed to cope with growing unemployment. Only in this way can we have the economic growth on which real and healthy increases in the revenue can be based. By increasing the revenue out of real growth, we can mount an attack on the rapidly rising deficit.

During this week we have again directed attention at the massive and unplanned increase in the deficit since the original budget estimates. It is clear that whatever the causes of this deficit it is going to present Australia with severe problems of economic management next year and beyond.

Double figure inflation, colossal and rising unemployment, and an uncontrolled deficit are warning signs of the most serious kind.

I have stated, and I repeat, the Labor Party has not been frank about the immense difficulties its policies have caused. It has deliberately sought to conceal the facts. From 1956 to 1973, the Treasury published its own independent and exceedingly valuable assessments of the economy. In 1974 publication of these papers was stopped, for one reason only - the Labor Party could no longer afford to have its policies, and their impact, examined and reported on by the Treasury.

Few things are more symbolic of the attitude to the economy over the last three years. Under the Hayden Budget, untouched, the deficit will be \$4,000 million. Let us consider the reality of this financial year.

Obviously we will not be able to take now, with the financial year almost half over, the measures we would have taken if we had been in government in the months leading up to the budget. The budget is already operating; contracts have already been let; agreements have been made with the States - it would be wrong to obstruct essential programmes.

There is a way out of our difficulties. The fundamental change of direction that must occur must be brought about with a sensitive hand on the wheel. Like a car careering along in the wrong direction, the course can only be changed with care.

Therefore, until there is the most detailed department by department examination of expenditure and administration, it is not possible to say in detail where economies and restraint can be made in the short term.

With a budget of over \$20,000 million, it is obvious that improvements in management efficiency can result in savings of many millions of dollars.

Our strategy now must be to give confidence to the private sector, take measures which are feasible now to stimulate economic activity, announce programmes and reforms as far ahead as possible to provide a basis for planning, rein-in extravagance and government spending as much as possible in the part of the year that remains, commence immediately long-term planning for the next three years. There has not been the slightest suggestion that the Labor Party has been prepared to take these measures.

The problems that are now most worrying to Australians were not even mentioned by Mr Whitlam in his non-Policy Speech - inflation, unemployment and the tax problem. These were all avoided by Mr Whitlam. He has completely misjudged the concerns of the Australian people. He offers no constructive proposals, no way of overcoming the problems that his own Party has created for the people of Australia. He has said on a number of occasions, it is obviously true that he knows nothing about the economy.

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He doesn't even remember the measures his own government has taken. On Wednesday, he criticised our adoption of proposal to index pensions in line with C.P.I. - "it is not good enough to increase pensions in line with rises in prices". This very measure was introduced in his own budget three months ago.

Now he tries to deny documents that do exist simply because they do not suit him. He claimed O.E.C.D. documents containing forecasts discussed over last few days do not exist. So there will be no mistake, these documents are:

- C.P.E. (75) - "economic policy committee, economic prospects, general assessment"

- C.P.E. (75)10 - "economic policy committee, economic prospects, country notes".

Our main concern now is to concentrate on the detailed measures that will be necessary to establish a sound and responsible management of Australia's affairs.

Underlying our approach will be an immediate assertion of responsibility and proper control in government administration.

This will start with the establishment of properly functioning Cabinet government. After December 13, the policies for governing Australia will be government policies. There will be an end to unco-ordinated Ministerial policies. The damaging lack of co-ordination, for example, between minerals and energy policy and social, economic and foreign policy in the previous government harmed the interests of all Australians.

There will be no repetition of this. To maintain the integrity and apolitical nature of the public service, there will be a change of attitude towards appointments to senior public service positions; this will be designed to maintain a politically neutral public service and ensure its efficiency.

procedures will be established to ensure that the persons appointed as permanent heads of government departments are the best available. The Labor Party has jeopardised appointments by merit.

The procedures will be such as to ensure that suitable candidates for these positions from within the public service are not passed over, while enabling appointments also to be made from outside the service.

(1) P.S.B. - to put forward short list of suitable candidates from within the public service. (2) P.S.D. Chairman to consult with senior permanent heads. (3) Short list to the Minister concerned and the Prime Minister. (4) If doubts, the P.S.B. Chairman will be consulted - if additional names put forward, these do not dispel doubts that the vacancy should be advertised. (5) If advertised high level selection committee (including Chairman of the Public Service Board, and at least one permanent head, and outsiders to interview candidates). (6) Selection Committee lists three most suitable candidates in order of preference - goes to Minister and Prime Minister. (7) Minister interviews candidates put forward. (8) Government should not be precluded from rejecting P.S.B. advice or appointing outsiders, or making appointments without advertisement - but in such cases, it is understood that succeeding government can review appointment.

The Public Service Act will be amended to establish these procedures.

Our attitude on appointments is part of our broader attitude on public service efficiency. Permanent heads should be moved as part of positive personnel policy new challenges.

The community is entitled to expect that public administration will be both efficient and economical. Implications for new Ministers and departments than necessary. No duplication of activities between departments. There must be a constant review of old practices, old policies. We must take sure that people don't continue in jobs because they have been doing them for fifty years. Departments should only do work which is essential to give effect to legislation and cabinet's decisions. Functions which are more properly performed by the States should not be transferred into Federal Public Service entities.

The activities of departments should be kept under constant review to ensure that departments are operating as efficiently and as economically as possible. There should be a continuous reassessment of the degree to which policies and programmes are necessary, and whether the machinery established to implement them actually does so. Policies and programmes which have served their purpose should be discontinued.

We will ensure that the present duplication between government departments will be eliminated as far as possible. At present too many departments may claim responsibility for a problem. Treasury, minerals and energy, urban, government, manufacturing. Results in unnecessary personnel, and sometimes intense bureaucratic infighting and mutual obstruction. Can cause delays in provision of services.

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Growth in employment in the Public Service should be limited to the growth strictly necessary to undertake the Government's programmes. Often people can be transferred from tasks which are no longer relevant. In the last two years there has been very rapid growth in full time staff. The salaries bill will be over \$2,000 million per annum. Much of this growth has been far too rapid to be either effective or efficient. It is impossible for any departments to grow at the rate of such departments as D.D.R.D. without great waste.

Substantial savings and substantial improvements in efficiency can undoubtedly be made by slowing greatly the growth of the Public Service.

We will be aiming at minimal growth in the Commonwealth Public Service over the next three years while providing the public with the service it is entitled to expect.

We will be making a much more efficient allocation of functions between departments. At present there are too many departments. We have already announced we will abolish the Department of the Media - part of a general review. We will be splitting the Department of Labor and Immigration and creating a separate department of Immigration and Ethnic Affairs. Obviously many important decisions to be made in this area - I only wish to indicate today our very close concern with these issues.

We will establish a Policy Review Staff in place of the Priorities Review Staff. It will be composed as now of public servants and outsiders. We will monitor policies and programmes to assess whether objectives are being attained. We will detect emerging problems.

Departments must have appropriate means of getting access to outside advice. There are various ways in which this can be done. We will consider such means as senior officers spending more time out of Canberra - consulting with leaders of different sections of community. We will consider half-yearly residential conferences in Canberra e.g. senior public servants and business, labor leaders. These are not definite proposals yet. But it is clear that action must be taken to overcome communications gap between the public service and the community.

There must be a positive effort to have departments structured so that outside advice can be offered. The permanent head must be the adviser. If, in the course of considering a matter, there are conflicting views, the permanent head has an obligation to put them to the Minister - with his own recommendation.

There will be much stricter control over the size and functioning of Ministerial staffs. They can do valuable work, but should work in close co-operation and harmony with departments. The way out of Australia's problems is to have reasonable, efficient government which can devise and implement co-ordinated policies.

Our government will ensure that it does not grow fat at the expense of the non-government sector. This will permit individuals and businesses to use fully their creative energies.

Only in this way we can have an increase in the nation's wealth, provide increased job opportunities, and get Australia out of the red.

What Labor never has understood is that the creation of resources is as important as their distribution.

That the size of the national cake can grow, and diminish - by failing to realise this, by taking the private sector for granted, or even regarding it as its enemy, Labor actually reduced growth. Its actions have harmed the weakest sections of the community - those sections that Labor claims to defend most of all.

Only by economic recovery, by expanding production, job opportunities, can we hope to improve the position of those in need.

With the policies we have proposed - we will have economic recovery; we will help those in need.