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PRIME MINISTER

FOR PRESS

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TEXT OF SPEECH GIVEN BY THE PRIME MINISTER AT A CIVIC RECEPTION IN SYDNEY

It is appropriate, in this group of people concerned with politics and administration at the state and local level, to discuss what the Federal Government has been doing since the election.

Our broad goals have already been stated. They are to get Australia moving towards prosperity again - to control inflation and reduce unemployment. We are aiming at an Australia where people have the maximum opportunity to choose, work for, and achieve the life they want for themselves and not the sort of life that politicians and officials want for them; where there is the broadest possible distribution of power and people are able to influence the decisions which affect their lives, where as few people as possible are in real need or are disadvantaged, and where those in need are provided with effective and personal assistance. These are the goals of the Liberal and National Country Parties.

In Opposition, we developed a wide range of policies designed to give effect to these goals. The Australian people showed by their vote at the election that they preferred a Government committed to these goals and policies.

But goals must be achieved and policies must be implemented - this is where Government differs from Opposition. It has a new and important dimension. The ideals which attract support and which motivate political parties must be translated into reality.

The first essential step in ensuring that policies become reality is to establish sound administrative practices. At this point policies and administration become inseparable. The best policies in the world can fail - or produce consequences directly opposite to those intended - if the administrative means of achieving them are not properly researched, or if there are no effective means of coordinating policy objectives.

The administration, the decision making machinery must be capable of achieving the objects that are intended. On the other hand, the best administration cannot properly supply the policies to be implemented. A Government will be ineffective if it neglects either political goals or administrative means.

To neglect administration, to ignore the way that things are done or the difficulties involved in particular ways of doing things is to be an inadequate Government. It means falling into a process of instant decision-making which is unmindful of the consequences of decisions - where off the cuff decisions are taken and not related to one another, or to the fact that administrative choices often prejudice achievement of policies.

Much of the work of the first few weeks of Government has been establishing the administrative structures and procedures on which the success or failure of the Government will depend. Since the Liberal National Country Party Government was elected, we have concentrated on the major task of devising effective forms of decision-making, improving the administrative structures with which to implement policies and ensure that the policies we have initiated are properly implemented.

Cabinet Government has been re-established, and improved by the institution of a system of Cabinet Committees which will be able to examine policies and actions thoroughly and expeditiously.

The Administrative Review Committee has been established under Sir Henry Bland's Chairmanship to review Government expenditure and advise how waste and duplication within and between Government Departments and between Commonwealth and State Governments can be eliminated.

The Economic Committee of Cabinet has been reviewing the activities of Departments.

Extensive discussions have taken place with unions, business and community groups.

We are moving very shortly to discuss with Premiers the introduction of major reforms in Federal-State relations. Australia cannot be administered well - governed well - if all power is centralised in Canberra. This is the trend we have been heading in. The vital information necessary for efficient decisions is often most available at local or state levels. We believe that in longer term the effective and efficient Government of Australia depends on an appropriate decentralisation of power to state and local government. Excessive centralisation betrays an attitude of mind that all wisdom resides in a few. This is not only insulting. It is also untrue. We have seen the consequences of excessive centralisation - the unleashing of inflation and unemployment as the Federal Government has taken more and more resources to itself.

Effective decisions can only be taken if there is a willingness to consult with all sections of the community. This is why we very early had discussions with the trade unions. This is why, in the light of those discussions, we agreed to consider modifying our earlier stand on the Prices Justification Tribunal. Dogmatism must inevitably lead to bad Government. Measures which seem appropriate at one stage can - indeed sometimes must - be superseded by new knowledge, new events. The crucial thing is not to lose sight of the fundamental objectives. Flexibility in pursuit of the nation's interests must never be allowed to degenerate into expediency.

A Government must be able to take hard decisions in the nation's interests even if this means unpopularity. The fact is that in the economic area Australia has run out of soft options. Either we are serious as a people in wanting to control rising prices and reduce unemployment or we are not. If we are serious we cannot keep deferring tough decisions and hoping the problem will go away. It will not go away. We have obligations to all those people being harmed, and to all those people whose jobs would be imperilled. We will fail in our responsibilities if we are not prepared to show restraint as a community - now.

A 6.4% increase in wages and salaries would increase unemployment and inflation, and undermine the confidence necessary for economic recovery. This large increase would quickly lead to price rises. These in turn would lead to further wage claims. The vicious cycle has to be broken. The argument that economic recovery must be led by consumer spending and that this spending will take place only after an increase in wages and salaries is mistaken. Consumer spending is important to economic recovery but consumers will only spend if they have confidence in the economy. The former Government tried to stimulate consumer spending. In conditions of low confidence, it only resulted in increased saving - people now save 17% of their earnings compared with the long term average of 10%. Confidence will be undermined by the consequences of large wage increases. The key to economic recovery is reducing inflation. Only in this way will consumers spend more and business invest more. Only in this way will we have jobs for all who want to work.

For too long politicians, at all levels, have taken the easy way out. There are no easy options left.

Those who suggest that the Australian people will not be prepared to accept these hard - but necessary decisions - do Australians a grave disservice. When people are convinced that their over-riding common interest requires a tough course, I know they will support it.



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CORRECTIONS HAVE BEEN MADE TO THE PRIME MINISTER'S SYDNEY TOWN HALL SPEECH AS FOLLOWS:

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A 6.4 percent increase in wages and salaries would increase unemployment and inflation, and undermine the confidence necessary for economic recovery. This large increase would quickly lead to price rises. These in turn would lead to further wage claims. The vicious cycle has to be broken. The argument that economic recovery must be led by consumer spending has some validity. What we do question is the naive view that a money increase in wages will result in increased consumer spending at this time. Consumer spending is important to economic recovery but consumers will only spend if they have confidence in the economy. The former Government tried to stimulate consumer spending. In conditions of low confidence, it only resulted in increased saving - people now save 17 percent of their earnings compared with the long term average of 10 percent. Confidence will be undermined by the consequences of large wage increases. The key to economic recovery is reducing inflation. Only in this way will we have jobs for all who want to work.

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