



PRIME MINISTER

FOR MEDIA

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ELECTORATE TALK

With the Premiers' Conference to be held in Canberra tomorrow, the decisions announced last Thursday following the review of Commonwealth functions could not have been more timely. The review of Commonwealth functions has been more than a mere cost-cutting exercise. It has demonstrated that the Federal Government is determined to be more efficient. The various decisions in every area of Government set the example to the States to follow our lead in the most significant and far-reaching Ministerial review ever undertaken by a Federal Government.

What the Federal Government has done is not just a shift of emphasis from the bureaucracy to private enterprise, or from the Commonwealth to the States, but proof that smaller Government can be achieved. These decisions reflect our great pride and confidence in Australia. We are determined not to see Australia undermined by inefficient bureaucracy and higher taxes as has happened in some other countries. Australia has a great future ahead of it provided we act with commonsense and determination.

One of the most important things to realise about the decisions I announced last week is that they are part of an approach which is producing major benefits for all Australians - these are the benefits of higher economic growth, leading to higher incomes, lower prices, more jobs and lower tax rates.

Special care has been taken to protect those underprivileged and disadvantaged in the community. More limited government is now encouraging massive job creation. Economic growth is on the rise and that is why the review of Commonwealth functions was crucial if this trend was to be maintained, and the benefits are not to be lost simply in expanding bureaucracy.

Three basic elements of Government activity have been concentrated on - the size of public expenditure and taxation, the size of the public service, and the extent of regulation. As a result, some 350 decisions have been made.

The Commonwealth has not only reviewed its own regulatory activities. Areas which could be easily or better done by private enterprise or the States are to be offered for sale or transferred. The States, have, if anything, even more considerable responsibilities in these areas, and I hope that the measures that I have announced will act as a stimulus to the States to review their own extensive regulatory provisions.

One area where functions presently being conducted by the Commonwealth are being transferred to the States is health. The Commonwealth will continue to provide substantial financial support for hospital facilities and community health services, but from now on overall funds will no longer be tied to particular purposes.

State governments will have the right to decide the appropriate balance of health care services, the level of services and the extent to which health care has priority over the provision of other public goods and services.

Not only has the Government decided on major reductions in its own capital works area as an example of its expenditure restraint, but it also believes that the most rigorous controls must continue to be exerted over spending by Commonwealth Departments and authorities.

For instance, there will be a three per cent reduction in real terms on the current level of expenditure of administrative and operational items for the coming financial year.

The re-allocation of functions between the Commonwealth and States, between Government and private sector, together with decisions in relation to the Commonwealth's own activities will result in a reduction of 10,000 to 11,000 Government employees. There will also be a 2% reduction in the number of Commonwealth Government employees in the areas subject to staff ceilings, to be effected over the next two years. To achieve a total reduction in staffing in the order of 17,000 over the next two years, a very large re-deployment operation will be necessary.

Obviously, the review of Commonwealth functions has been much more than an expenditure review exercise. Nevertheless, the Government has regarded the review of Commonwealth functions as making an important contribution to the objective of further reining in Government spending to make room for private sector growth and pave the way for significant reduction in the burden of taxation.

The decisions taken will mean an eventual saving in Budget outlays of the order of \$560 million. Government revenue will be boosted from the sale of assets and a reduction in industry tax concessions - saving \$130 million.

This Government's attitude to expenditure restraint again will be firmly evidenced in its approach at the Premiers' Conference tomorrow and the forthcoming Loan Council Meeting, and in our determination to hold down outlays in the 1981/82 Budget. The decisions that have been announced from the review of Commonwealth functions will benefit all Australians. They are a significant further expression of the Government's broad strategy to achieve more jobs, lower taxes, lower inflation, higher economic growth, higher wages and salaries and less centralised Government. These decisions will strengthen Australia. They will make a significant contribution to the important task of streamlining Government in the 1980s and beyond.