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PRIME MINISTER

FOR MEDIA

THURSDAY, 23 SEPTEMBER 1982

REVIEW OF COMMONWEALTH ADMINISTRATION

In my statement in Parliament on 21 September 1982, concerning the Royal Commission on the Australian Meat Industry, I referred to breakdowns and administrative failures in a number of areas of government administration over the last decade or so.

These matters are obviously of the gravest concern to all Australians: efficient and effective public administration is vital for maintaining the kind of Australia that we want for our children. The people of Australia have a right to expect good, honest, efficient and effective administration, and the Government is determined to take every possible step to ensure that this occurs.

In each instance where there has been a breakdown in Public Service administration over recent years, the Government has made an appropriate and prompt response to remedy the deficiencies that have come to notice. But the Government believes that it is vital not only to remedy deficiencies in administration as they become known, but also to look more broadly at the Public Service and the demands upon it in order to do whatever can be done to prevent such breakdowns occurring.

The general health of the Public Service, including its efficiency and management, must be a matter of the highest concern for government. The Public Service - broadly interpreted to include departments and authorities - must be equipped with the kinds of management structures and tools which will enable it to deliver government programmes effectively to the people of Australia, and which will allow it to keep up with new technology and with changes in community and business requirements and attitudes.

The Government believes there is a question whether the Public Service, as presently organised, has the management tools, the flexibility and the capacities to meet the challenges that presently exist and that lie ahead. Departments and authorities must be able not only to meet the demands of today, but to anticipate the demands of tomorrow.

There are three evolutionary changes which present challenges to public administration at the present time.

The first is changing technology, and the so-called information explosion.

The Public Service needs to be able to cope with the significant technological changes and the growth of information which have been and will be taking place, including the relevance of computer technology to public administration. Governments and their agencies must be able to be responsive to, and to take advantage of, new methods of gathering, processing and applying information.

But it is not just a matter of applying new technology to growing information. It is also a matter of knowing what information is needed - and in what form it is needed - to enable departments, authorities and Ministers to carry out their functions efficiently and effectively; and a matter of being able to take practical steps for satisfying these requirements.

The second challenge is posed by the increasing demands on the public sector flowing from a greater involvement by government in areas such as social welfare, health, education and national development, plus many other areas of concern to the community. The increased scope and the wider activities of government obviously enlarges the responsibilities of public administration enormously and creates difficulties in relation to adequate communications, accountability and control.

The third challenge, I regret to say, arises from a deterioration in what I might call the "business ethics" of a minority.

There was a time when the administration, in its relationships with business, could assume that a high degree of trust was appropriate. The Service did not have to be geared to handle cheating on a large scale.

Of course, there have always been those in the community who have been prepared to get away with as much as they can without too much regard for what might be regarded

as honour, let alone the law: but in the past this has not been an element which has put significant stress on the Service itself.

As recent events relating to taxation, meat substitution and health schemes show only too clearly, there are those outside the administration - and I stress that they are very much a minority - who are prepared to act ruthlessly in what they perceive as their own interests, without regard either to the interests of the community or the observation of the law.

It is that third challenge, which has been particularly instrumental in leading the Government to the view that at this time there is a need to look closely at the management tools, the flexibility and the capacity of the Service as presently organised. There have been a number of administrative breakdowns which have flowed from the Service's inability to respond speedily and adequately to the challenges posed by those who seek to behave unethically or even illegally.

Those in the community who cheat on their obligations to others or attempt dishonestly to evade the law, whether by evading taxation or meat inspection regulations or any other laws or regulations, not only bring dishonour on themselves: they impose real strains on the public service of this country, and on the social and economic fabric which is vital to our way of life.

It is a particular tragedy that small numbers of failures by individuals who have fallen to temptation to give favours or seek favours have brought the Public Service into disrepute.

The Public Service itself wants to respond to the criticisms that have been made against it. They are not criticisms that are made against the Service as a whole but the Service as a whole is touched by them. Many public servants feel that the reputation of the Service has been badly tarnished by recent happenings and that it needs to re-establish the high reputation that it feels it has earned in the past.

I would not wish what I am saying to overshadow the very solid work that is being done in the greater part of the Public Service: it is unfortunate, but inevitable, that public attention tends to be focused on what is wrong, not on what is right. But I have said before and I say again now that I have enormous respect for the dedication and management skills of the Public Service, and for the people who staff it. By world standards we have a public service of high reputation.

But the Public Service cannot live on its reputation and in particular it must meet changes with adequate administrative responses. It is clear that the Service needs to be a jump ahead of those who seek to frustrate it in carrying out its proper functions.

Both to assist in achieving this and to create the opportunity for the public to be reassured about the future of the Service, the Government proposes that there should be a report to the Government on aspects of the performance of the whole Commonwealth Administration.

Both through an examination of the underlying causes of major administrative deficiencies of the kind that have occurred in recent years, and through a wider examination of management skills and management structures throughout Commonwealth Government departments and authorities, the Review of Commonwealth Administration is to be asked

- to examine, report on and make recommendations in relation to the requirements for an efficient and effective public service in Australia;
- and in particular to identify the demands and pressures placed upon the public service, and the mechanisms, procedures and management structures which are required to enable the public service to carry out its functions, implement Government policy and deliver programmes effectively and efficiently to the people of Australia.

The Review in particular should take into account:

- the need for the public service to have high standards and good morale;
- the need for the public service to provide the professional managerial component of public administration;
- the need for the public service to possess management skills and to develop management structures capable of meeting and responding to the challenges of an increasingly complex business, economic and social environment;
- the need for the public service to provide constructive and imaginative policy advice, and adequate mechanisms for ensuring the effective implementation of the Government's policy decisions;
- the need for accountability of the public service

while maintaining the concept of a non-political career public service based on merit, capable of providing effective support for Ministers in relation to their administrative and policy-making responsibilities."

Although the Review involves a major examination of Commonwealth administration, it is not intended that it should be a protracted one. The Government accepts that in the interests of a timely completion of the Review, in some areas of concern it may be possible only to provide indications of further work that will need to be done to achieve our ultimate objective.

It is not proposed that this Review should repeat the work done by the Coombs Royal Commission, which was the first comprehensive review of government administration in over 50 years and had the broadest possible terms of reference. Nor is it proposed to duplicate the particular work done by parliamentary committees, by the Auditor-General, by the Public Service Board and by management consultants and others who may have examined, or be examining, particular aspects of the Service.

This Review is to focus specifically on the management framework, the constraints which face public sector managers, and the challenges that they will have to confront in the future.

The Government is looking for a report, from people of high reputation in their own business fields, which assesses what they see as the deficiencies, the problems and the appropriate remedies.

Mr J. B. Reid, A.O., has accepted the role of Chairman of the Review. Mr Reid is Chairman of James Hardie Industries Limited, Vice Chairman of Qantas and a Director of BHP and Barclays International Australia Limited. He was a member of the Administrative Review Committee in 1975/76 (chaired by Sir Henry Bland) and a member of the inquiry into the Commonwealth Serum Laboratories in 1978. He has been also a member of various other government bodies and currently is chairman of the Australian Bicentennial Authority.

Mr Reid will be assisted by Sir Ronald Elliott, and Professor John Rose.

Sir Ronald Elliott is a Director of Brambles Industries Limited and International Commodities Clearing House Limited. He is the former Managing Director of the Commonwealth Banking Corporation. Sir Ronald has been a member of the Council of the Administrative Staff College and is a Fellow of the the Australian Institute

of Management.

Professor Rose is Sidney Myer Professor of Commerce and Business Administration at the University of Melbourne, and since 1976 has been a Consultant in my private office.

All three members of the Review are obviously well qualified for the task, and the Government is grateful to them for accepting this most important role.

The Review will have full access in all areas of government administration - to see and consult with whoever they determine, whether from inside or outside the Public Service and statutory authorities.

The administration will have an opportunity to explain its task and its methods of carrying it out and, also, the nature of the constraints which distinguish government administration from the business world. People from outside the administration, with substantial and established reputations in the business world, will have an opportunity to say what they think the Public Service should be doing - and here the Review would be looking no doubt for positive and realistic guidance capable of being put into practical effect.

The Inquiry will be assisted by a small secretariat, headed by Mr H. B. MacDonald, Deputy Secretary in the Department of Administrative Services.

Mr Reid has indicated that he would expect to be able to report before the Autumn sitting of the Parliament.

As I stated earlier and as no-one in this House would deny, the people of Australia have a right to expect good, honest, efficient and effective administration in the public sector. With the assistance of this Review of Commonwealth Administration the Government is determined to see that they get it.

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REVIEW OF COMMONWEALTH ADMINISTRATION

TERMS OF REFERENCE

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- the need for the public service to possess management skills and to develop management structures capable of meeting and responding to the challenges of an increasingly complex business, economic and social environment;
- the need for the public service to provide constructive and imaginative policy advice, and adequate mechanisms for ensuring the effective implementation of the Government's policy decision;
- the need for accountability of the public service while maintaining the concept of a non-political career public service based on merit, capable of providing effective support for Ministers in relation to their administrative and policy-making responsibilities.

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