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PRIME MINISTER

FOR MEDIA

14 July 1987

I have decided to recommend to the Governor-General that he approve major changes to the structure of Commonwealth administration. He has agreed to my making an early announcement of my proposed recommendations. The changes are aimed at achieving substantial enhancement of the decision-making process and at removing overlap and duplication of functions.

In summary, the changes will:-

- substantially reduce the number of Commonwealth departments to achieve administrative efficiencies and savings, better policy co-ordination and improved budget processes;
- enhance ministerial control of departments by moving to a 2 level ministerial structure, each Cabinet minister being responsible for one of 16 large portfolios supported in most cases by one or more non-Cabinet ministers responsible for specific parts of the Cabinet minister's portfolio, or assisting across the range of functions.

For example, within the portfolio of the Minister for Foreign Affairs and Trade there will be a Minister with specific responsibilities for Trade Negotiations and within the Community Services and Health portfolio there will be Ministers for Aboriginal Affairs and Veterans' Affairs. As I promised before and during the election campaign, there will continue to be a separate department of Veterans' Affairs - the only Department additional to the 16 portfolio structure. The total size of the ministry will be 30 of which 16 will be Cabinet ministers.

These changes reflect the results of a comprehensive review of the structure of government and the government's perception that there is room for substantial streamlining of the administrative machinery. The new structure will, as I have said, reduce overlap and duplication. It will also ensure that all portfolio interests are represented in a Cabinet that is of manageable size; will provide the opportunity for improved budgetary and corporate management processes; will provide savings from economies of scale; and will introduce broader perspectives within portfolios without reducing the necessary impact of particular interests. Most importantly, the new structure reflects and is attuned to the national policy imperatives which must command our attention at the present time and in the longer term.

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Division of responsibilities within portfolios is something about which I will write to each minister when the ministry is decided and I allocate portfolios after the Caucus meeting. Subject to the special arrangements referred to above in the Veterans' Affairs area, what I intend is that the Cabinet minister would have overall responsibility for the portfolio and would represent it in Cabinet, although non-Cabinet ministers will take to Cabinet submissions on matters in their specified areas of responsibility. The Cabinet minister will have the power to determine matters in dispute within the portfolio but will of course, involve the other ministers in corporate management and policy development. In Parliament, the Cabinet minister will be ultimately accountable on major policy matters although the non-Cabinet ministers will take day to day responsibility for their own areas including answering questions and developing and steering through legislation.

So far as departmental operations are concerned, in most cases there will be a portfolio secretary advising the Cabinet Minister on the range of matters within the portfolio. Within most portfolios there will also be one or more associate secretaries to carry responsibility in particular areas.

Some notable features of the new structure include:

- . consolidation of export promotion of commodities and manufactures with the relevant domestic industry departments (Industry, Technology and Commerce and Primary Industries and Energy), with the Minister for Foreign Affairs having responsibility for bilateral and multilateral trade negotiations, thus emphasising the central importance of trade to our foreign relations. There will also be a Minister for Trade Negotiations who will play a key role, assisting the Minister for Foreign Affairs and Trade and the industry Ministers;
- . amalgamation of the 2 major portfolios with responsibility for education and training and the labour market into a Department of Education, Employment and Training. This will ensure better co-ordination of education policies, in particular TAFE and school retention policies with labour market requirements, including training policy. There will be a separate industrial relations portfolio. The Minister for Industrial Relations will play a role of particular importance in the industrial relations aspects of the restructuring of manufacturing industry which is such an essential element of our medium term economic development;
- . the Attorney-General will have overall responsibility for law enforcement functions hitherto handled by the Special Minister of State;

- . there will be a broadly based community services and health portfolio with responsibility for health policy, community services and housing assistance with a separate department of Veterans' Affairs and a statutory commission responsible for Aboriginal Affairs which will be created as soon as new arrangements can be put in place. There will be separate Ministers for Veterans' Affairs and Aboriginal Affairs;
- . the 3 departments with major infrastructure responsibilities - Transport, Aviation and Communications - will be brought together under one Cabinet minister, thus improving the coherence of policy making in this critical area;
- . the related elements of the existing departments of Arts, Heritage and Environment, Sport, Recreation and Tourism and Territories will be amalgamated in one portfolio of Arts, Sport, Environment and Tourism. There will be a separate Capital Territory Office within the portfolio;
- . Most Government common services will be combined in one department with a clear mandate to implement devolution of services to departments and economic charging policies and practices in line with, in particular, the recommendations of Mr David Block's Efficiency Scrutiny Unit.

Although the primary impetus for these fundamental changes is efficiency and the better delivery of government services, there will be substantial savings arising from amalgamations, through economies of scale and the removal of duplication. These arrangements are estimated to result in staff savings in a full year of some 3,000 positions, which the Government has directed should be achieved through a process of attrition or voluntary action on the part of employees. There will be no compulsory retrenchment. This would result in savings of about \$96 million in a full year. There should be significant savings in the current year - these will be settled in the course of the budget process.

The Government has accepted the recommendations of the report of the Efficiency Scrutiny Unit headed by David Block on proposed successor arrangements to the Public Service Board. The Efficiency Scrutiny Unit has recommended that the Public Service Board be abolished and that responsibility for its existing functions be allocated as follows:

- . all operational aspects of personnel matters to be devolved to departments;
- . public service arbitration, pay and conditions matters to be transferred to the Department of Industrial Relations;
- . classification issues to be transferred to the Department of Finance; and

- management improvement programs to be devolved to departments with the Department of Finance maintaining a small unit in the area of program budgeting.

The Efficiency Scrutiny Unit has recommended that a Public Service Commission be established as the successor to the Board with independent statutory responsibility for the policy aspects of recruitment, promotion, mobility, discipline and retirement. It would be headed by a single full-time Public Service Commissioner. The Merit Protection and Review Agency will be retained as a separate body.

The Government has accepted these recommendations on the basis that they will eliminate duplications of functions while ensuring resource savings over time.

Implementation of the Efficiency Scrutiny Unit findings will ensure that public service reform initiatives and other essential functions of the Board are maintained at least at the same standard.

David Block will continue to work as a consultant to the Prime Minister and the Government on effective management in the public sector. The program of efficiency scrutinies will continue, but run by individual Departments. Mr Block will be turning his attention to broader issues of public service management including the following matters on which I have asked him to report:

- the benefits of bringing together the Social Security and CES networks;
- the prospect of using the Department of Social Security more widely as a payments agency;
- the scope for devolving and making more businesslike the provision of common services (where he will offer assistance to the Minister for Administrative Services in particular);
- the case for a single foreign service; and
- the on-going role of the National Capital Development Commission, in the context of moves towards enhanced municipal government in the ACT.

He will also be involved in the review of local government financing and devolution of programs to local government (which I referred to in the election campaign), and in advising on the process of assets sales by the Government.

I also foreshadow that I will be recommending to the Governor-General that Mr Block be appointed to the proposed part-time board of the Public Service Commission.

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The Minister for Industrial Relations will chair a Committee of Ministers with overall responsibility for co-ordinating the various measures to enhance the efficiency and effectiveness of the public service, including those announced today.

Further details (including the duties of the remaining non-Cabinet Ministers) will be announced following the swearing-in of the new Ministry next week, and a full statement will be made to the Parliament when it resumes in September. The attached table sets out the structure and major functions of the 16 portfolios.

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STRUCTURE AND MAJOR FUNCTIONS OF 16 CABINET PORTFOLIOS

(order does not indicate eventual seniority order in Ministry)

1. PRIME MINISTER

Most of current functions including status of women, multicultural affairs and the bicentenary

2. ATTORNEY-GENERAL

Current functions, plus law enforcement

3. INDUSTRY, TECHNOLOGY AND COMMERCE

Current functions plus:

- . science policy, CSIRO, patents and national standards
- . building industry
- . nuclear science and technology
- . export services (including Austrade) and marketing of manufactures

4. TRANSPORT AND COMMUNICATIONS

Current functions of Aviation, Transport and Communications

5. FOREIGN AFFAIRS AND TRADE

External relations including multilateral and bilateral trade relations, and overseas information services

6. DEFENCE

Current functions, except for Defence Force Remuneration Tribunal

7. TREASURER

Current functions plus Industries Assistance Commission

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8. INDUSTRIAL RELATIONS

Industrial relations and wages policy

Public service pay and conditions

Remuneration Tribunal and Defence Force Remuneration Tribunal

9. EDUCATION, EMPLOYMENT AND TRAINING

Education, employment and training programs including Commonwealth Employment Service

Research funding

Youth affairs

10. COMMUNITY SERVICES AND HEALTH

Community services and health programs

Housing assistance programs

Aboriginal affairs (through a separate statutory Aboriginal Development Commission)

Separate Department of Veterans Affairs

11. IMMIGRATION, ETHNIC AFFAIRS AND LOCAL GOVERNMENT

Current functions (Minister to assist Prime Minister for Multicultural Affairs)

Local government and regional development

12. SOCIAL SECURITY

Current functions

13. PRIMARY INDUSTRIES AND ENERGY

Current functions of Departments of Primary Industry and Resources and Energy, plus commodity marketing

14. ARTS, SPORT, TOURISM AND ENVIRONMENT

Most current functions of Departments of Arts, Heritage and Environment and Sport, Recreation and Tourism

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ACT matters (administered through a separate ACT Office, to incorporate additional functions including ACT further education)

15. FINANCE

Current functions

16. ADMINISTRATIVE SERVICES

Current common services functions of Department of Local Government and Administrative Services, with additional common services functions including national mapping, construction, information services, analytical laboratories, inquiries, parliamentary and ministerial services, national archives, and valuation services

Bureau of Meteorology

Electoral Commission

Honours and awards

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