



PRIME MINISTER

FOR MEDIA

16 MARCH 1990

Liberal-National Party public service changes would cost taxpayers at least an extra \$85 million a year.

Coalition public administration changes would also add another 2,900 bureaucrats to the public payroll.

The extra costs and increased public service numbers would result from disputes between the two parties over the carve-up of Ministerial responsibilities.

The Hawke Labor Government has introduced sweeping reforms to public administration.

Public service numbers have been cut, savings have been made in departmental amalgamations and the bureaucracy has been forced to meet efficiency targets.

The inability of the Liberal and National Parties to work together would force these unneeded bureaucrats onto the public payroll.

Because of their "to the victor the spoils" attitude these reforms - and the savings to taxpayers - will be scrapped.

In an interview in "The Australian" on 18 January Mr Peacock indicated he favours returning to "a more traditional system" with 25 or 26 Departments, compared to the current number of 18.

While he claims our streamlined system hasn't worked, he produces no sensible supporting arguments.

Mr Peacock admits, for example, that the Foreign Affairs and Trade merger has worked well, but says he is nevertheless looking at breaking it up.

From the interview just mentioned Mr Peacock said:

"I think the amalgamation (of Foreign Affairs and Trade) has worked quite well - the only one that has worked quite well. In fact, I'd been an advocate of it beforehand. But I have to say to you I am inclined, notwithstanding how well it's worked, to re-examine whether it continues in that vein".

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The reason for dismantling my Government's Departmental amalgamations has nothing to do with considerations of government efficiency. It has everything to do with Coalition jealousies. Mr Peacock cannot manage a system where a National Party Minister is running a portfolio with a Liberal Party Minister in support, or vice versa. It is this - and this alone - which is driving him to increase significantly the number of Departments.

Traditionally, in the Coalition, the Liberals have run Foreign Affairs, and the Nationals have run Trade. They cannot break the mould, no matter how beneficial the merger has been for the country.

Australia's international trade objectives must be an integral part of foreign policy. The recent Garnaut Report, among numerous others, demonstrates the necessity of keeping that linkage. And with the MTN Round drawing to a close continuity is vital. How can Australia continue its high MTN profile this year when the main bureaucratic vehicle is being dismembered?

The Liberals' and Nationals wish to turn the clock back on the boldest and best reform made in government administration for decades.

The present machinery of government changes are demonstrably working well in four key respects.

First, they have reduced overlap and thereby saved as at the end of the last financial year around \$85 million and 2,900 staff. They are not ALP figures - they are figures from the budget papers confirmed by the Department of Finance. (See page 86, attached, of the 1988-89 Budget Paper No.1: the Department of Finance has now confirmed those figures)

To undo the changes would, on best estimates, add these costs and staff. However, it is not possible to be more precise because of the failure of the Opposition to produce any evidence that it has developed a coherent plan for the public service.

As an example of the difficulty of breaking up Departments, the Department of Employment, Education and Training has amalgamated the regional offices which before our machinery of Government changes were separate offices of two Departments. Under the Liberal and National Parties separate networks would need to be re-established.

The Department uses the Commonwealth Employment Service for delivery of some student services (eg Austudy) in a range of locations that would not otherwise be available.

All integrated Departments now have integrated management information systems that are very costly and disruptive to replace. The costs of change have increased considerably since the era of the "quill pen".

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These costs are not picked up in the so called "Economic Action Plan" and therefore make the Coalition's fiscal hole exceed \$7 billion.

Second, having more than one Minister in a portfolio enables the senior Minister to concentrate on major policy and administrative issues and thus enhances Ministerial control.

This benefit would be lost by splitting up Departments. It would be the reverse of the innovation and strategic thinking in Government policy Australia needs now.

Third, our reforms have brought together in particular portfolios broader perspectives and more coherence in policy advice.

For example, the Department of Transport and Communications arose from an amalgamation of three Departments. Previously they were lobbied by transport, aviation and communication's interests respectively, and to a large extent were 'captured' by their constituencies. The combined Department is now better able to see through narrow interests and provide co-ordinated advice.

Fourth, the present administrative arrangements offer much greater flexibility in portfolio operations, and reduce the amount of disruption through constant change. This is illustrated by comparing the number of Departments abolished and created and the number of transfers of functions between Departments in the Fraser government period with those under my Government.

Under the previous Coalition government there were 148 substantial changes in a seven year period. In the first four years of the Hawke Government, 60 such changes were made. In the two and a half years since the new machinery was introduced in 1987, only six changes have been made.

Mr Peacock wants to return to the disruptive and morale breaking systems of the worst years of coalition government.

Previously there were too many Departments with common policy interests competing with each other for influence and cluttering up the policy making and Cabinet processes.

The restructuring in 1987 has contributed substantially to reducing the load on the Cabinet system.

At the time the new machinery was announced in Parliament on 15 September 1987, Mr Howard generally welcomed the changes and particularly the concept of having more than one Minister sworn to particular departments, describing it as "a very sensible administrative change". He also spoke positively of a number of the amalgamations and consolidations made.

Mr Howard said:

"The concept of having a number of Ministers sworn to administer a particular department is certainly a concept that the Opposition supports".

"The old idea that one had to create a shell department in order to have another Minister performing in the same general area as an existing Minister was an anachronistic one. I am very pleased indeed that the Government has been able to put that behind it".

"A number of the amalgamations and consolidations of Departments that have been announced by the Government are also welcomed by the Opposition".

He has spoken publicly since that time in general support of the new arrangements. Clearly the former Leader felt himself strong enough to be able to contemplate managing a situation with Ministers from the different coalition parties in the same portfolio.

In 1986 I said I would put a stop to growth in the Commonwealth public service. Since then public service numbers have fallen or remained static each year.

Numerous scrutinies have reduced public service numbers. For example, savings of over 1,000 have been due to changes in processing of accounts, travel, the First Home Owners Scheme, and pharmaceutical payments.

The Forward Estimates envisage staffing levels of 155, 297 in 1989-90 falling to 149, 352 in 1992-93.

Mr Peacock now seeks to reverse this trend.

All because he can't control inter-party bickering.

These are not matters of esoteric interest to people involved in public administration, whether as practitioners or specialist observers. They go to the heart of efficient Government and to the development of policies relevant to the national interest.

The public would pay a very high price for many Coalition proposals in particular areas of policy. But the action it would take on machinery of Government would cut away at the very process of good government itself.

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