

Direct Labour Means Direct Waste

THE SIGNS are that millions of pounds are being wasted in the £500,000,000 spent yearly on repairs and maintenance work carried out by building forces employed directly by public authorities, says the author of a booklet* published last month.

Absence of competition in the cocooned world of these public authority "direct labour" departments means that the true cost of the great majority of this work cannot be assessed. The author is Malcolm Hoppé. These millions are being thrown down the drain, he suggests, because management and accounting practices of public authorities fall down on the job. Members of local councils "are too easily misled into assuming that direct labour is the cheapest and most satisfactory way of getting this kind of work done."

Calling for a tightening of the "rules of the game," Mr. Hoppé says: "Local government legislation in the 1971-72 Parliamentary session provides an opportunity to clear up the inefficient system of direct labour maintenance that has grown up over half a century—by insisting on stricter management and accounting and, above all, no work for direct labour without competition." These principles, he adds, should apply to any government departments, hospitals boards, water boards, nation-



alized industries and other statutory bodies.

Mr. Hoppé cites a number of

**Millions Down the Drain* by Malcolm Hoppé. Aims of Industry, 20p.

reports of official enquiries which have expressed misgivings and doubts about the costing of direct labour work. Where authorities have examined direct labour costs, they have frequently found that building firms are more efficient. Although many authorities are unwilling to open direct labour repairs and maintenance activities to competition from building firms, he shows that a number have done so successfully or have established satisfactory competitive systems using contractors.

Other points made by Mr. Hoppé are:

1. Efficient building maintenance requires good management. The best organisation will meet demands on it as efficiently, economically, and rapidly as possible, while being able to adapt to changing conditions. This organisation will only develop in a competitive atmosphere.

2. It is not necessary to retain large permanent directly employed maintenance staffs. The majority of tasks can be properly pre-planned and subjected to competitive tendering.

3. Local authorities are under no pressure to review costs, and exemption of direct labour maintenance workers from Selective Employment Tax is one factor giving them a false impression of actual costs.

4. Direct labour costs are often hidden, estimates can be very inaccurate, and lower supervision of direct labour compared with contract work is likely to lead to loss of quality or higher costs.

5. "A serious aspect of local authority accounting failures is that they may contribute to building bankruptcies" — because authorities themselves gain a wrong impression of the right price for a job.

6. Local authorities should not be deterred from making the necessary changes in direct labour departments by fears of redundancies. There should be a large shift of building resources from public to private employment.

CORRUPTION FROM THE TOP

Where there is gross inequality of wealth the more democratic the government the worse it will be; for, while rotten democracy may not in

itself be worse than rotten autocracy, its effects upon national character will be worse. A corrupt democratic government must finally corrupt the people, and when a people becomes corrupt there is no resurrection.

HENRY GEORGE, 1879

WORDS OF WISDOM

"Discriminatory restrictions on trade with the Soviet Union are primarily to the detriment of the business circles of those countries which practice them."

Mr. Vladimir Alkhimov, USSR Deputy Minister of Foreign Trade.

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£1.25m. AN ACRE

A site of some 60,000 sq. ft. (approx. 1.3 acres) has been purchased in Melbourne for £1,734,124. The site has frontages to Collins Street, King Street, and Flinders Lane and plans are being prepared for its redevelopment, which will include offices and other business uses.

Estates Gazette March 27

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CENSUS

Extend a census beyond its original and valuable job of counting heads, and you are bound to open the floodgates to a mass of false information. It is small comfort to reflect that Government planning, even when based on accurate information, usually turns out wrong.

Daily Telegraph, April 26.

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A HIGHER STANDARD OF CHEATING REQUIRED

A solicitor, said to be earning £3,000 a year was fined £25 in April after admitting an offence involving a parking meter.

Mr. Kenneth Barraclough, the magistrate, said it is "disgraceful that a man in your position should indulge in such a low form of cheating."