

*Right Hon. Sir Joseph Ward.*] You have not submitted your commercial balance-sheet yet?—We publish a commercial balance-sheet.

But you have not submitted it to the House yet?—No. Last year's was published. This year's balance-sheet will be published shortly.

Which do you consider to be the better system—the commercial balance-sheet system or the old system?—The commercial balance-sheet system—right on the same basis as any commercial firm in New Zealand. The only weakness in the past has been this matter of depreciation.

You are satisfied that the commercial balance-sheet system places before the public the whole financial position of the Post and Telegraph Department?—Yes; just as if we were the Bank of New Zealand.

What depreciation percentage do you provide for?—It varies according to the article. For instance, poles will only last about fifteen years, but copper wire will last from twenty to twenty-five years.

*Mr. Sullivan.*] Do not your buildings increase in value?—We have never taken note of that increased value, for the simple reason that we never sell them. Take the Wellington Post Office, for instance: I think we paid £30,000 for the now-existing frontage: it is worth £80,000 to-day. It is not possible to take in the increased valuation, because we will be there for all time. I presume it will never be sold.

*The Chairman.*] If you leased any portion of your buildings you would get the advantage of the increased values?—Yes, we would get an increased rental, of course; but we have never been in the fortunate position of having enough accommodation.

Will you now explain the position with regard to clause 20 of Part II of the Bill?—Yes, sir. At the present time there are four administrative officers of the service, who are appointed by the Governor-General in Council. All the other officers have been appointed by the Promotion Board, and they have the right of appeal to an Appeal Board if they are dissatisfied. I am appointed by the Governor-General, and the Chief Engineer, my First Assistant Secretary, and my Second Assistant Secretary are appointed by the Governor-General. It is now proposed that seven more senior positions should be similarly appointed by the Governor-General. The Chief Inspector is one. Then there is the Controller of Accounts, who is responsible for all our accounting system, the Inspecting Engineer, and so on. It is proposed that the Governor-General should appoint those seven, making a total of eleven. One reason for the change suggested is that if a man was selected by the Promotion Board simply because he was skilled in a particular line, he might not work in accord with other senior members of the service. All would not be pulling together; and in a huge service it is necessary that they should be pulling together. Then there is another reason: There is a desire to have uniformity in the Public Service. In the Railways every man whose salary is over £615 is appointed by the Governor-General, and there is no right of appeal against that appointment. It is desired to have uniformity in the Public Service, and it is intended by legislation, I understand, to lift that barrier from £615 to £765. That is, in fact, a concession to the officers. On the other hand, it is intended to bring down our seven appointments to the same level of £765.

*Right Hon. Sir Joseph Ward.*] What it would mean in practice, I presume, is that the seven men, on promotion, would not be subject to appeal of any kind?—No, there would be no appeal at all. They would be in the same position as the other four.

There could be no appeal from the rank and file of the Service?—That is so. I may say that the matter is not of great importance to the officers in general, because we have never had an appeal from officers so senior. We have never had an appeal in connection with those senior officers in the Post and Telegraph Department.

*Mr. Sullivan.*] What is the point about the breach of agreement?—I had not read the agreement before it came up in the House, but on going back to the office I read it, and it is in these terms: "That before any change is made in the salary or emoluments of any officer or group of officers the Head of the Department will confer with the association." I cannot see that there is any breach of that agreement in a clause such as this.

*Right Hon. Sir Joseph Ward.*] Is their grievance against you or the Minister?—I do not know. But I would be the one responsible, because it states that the Head of the Department would confer with the association.

Has that been done?—It has since been done. It was not done before the Bill was brought forward, because it does not affect their salary or emoluments.

*Mr. Sullivan.*] There has been a conference?—Yes, since then, on the general question.

*Right Hon. Sir Joseph Ward.*] Indirectly the Officers' Association would have the right to make representations or complaints if they wanted to do so, under the present system: does the effect of these clauses eliminate that in the future?—They could not appeal.

Is that the only point in it?—Yes, that is the only point I know of that they disagree with.

That is really what they call the breach of agreement?—No. The breach of agreement was that I had not conferred with them.

There is another question I would like to ask you in connection with Part I of the Bill. I understand that when these changes are carried out you will keep the whole of your finance in a separate bank account. At present do you transfer the whole of the money you receive to the Treasury?—Not really.

You are supposed to do so, but in practice you cannot?—We cannot in practice.

Then the new proposals are that, subject to the reservations contained in the Bill, your bank account will be kept by the Post and Telegraph Department, and not by the Treasury?—Yes, sir. I think that in actual practice there will be no difficulty. We have always kept our accounts separate.