

1934.
NEW ZEALAND.

PUBLIC SERVICE COMMISSIONER

(TWENTY-SECOND REPORT OF THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

To His Excellency the Right Honourable Charles, Baron Bledisloe, Member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Most Excellent Order of the British Empire, Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies.

MAY IT PLEASE YOUR EXCELLENCY,—

As Commissioner appointed under the Public Service Act, 1912, I have the honour to submit the following report, as required by section 15 of the Act.

REPORT.

THE Public Service Act has now been in full operation for a period of twenty-one years. From a retrospect of the operations of the Commissioner during that period one derives a measure of satisfaction. This success cannot be attributed to the Commissioner alone, but must be shared by the Permanent Heads of the Departments, without whose helpful co-operation no success would have been possible of achievement.

It is safe to state that the general efficiency of the Service stands high in the public mind at the present time. The public is well served by officers of integrity and zeal who have proved their worth on the basis of efficiency and fitness for the duties imposed upon them. The traditions of the Service are maintained, and the highest ideals as to conduct prevail throughout the whole Service.

THE ADMINISTRATION OF THE PUBLIC SERVICE.

The ordinary routine of administration of the Public Service Act may briefly be described as the procedure necessary to secure the efficient organization and economical staffing of the various State Departments, and includes such matters as promotions, transfers, retirements, the filling of vacancies, the classification of officers, the examination of candidates for appointment, inquiries involving disciplinary action, and investigations concerning details of departmental organization to ensure the economical and efficient administration of the Service as a whole.

During the past few years covering the period of economic depression there have been fewer staff changes than in normal years. When times are good there is a considerable wastage of staff due to officers obtaining more attractive positions outside the Public Service. Largely due to this fact, and also to the policy of reducing staffs wherever practicable, the number of new appointments has fallen off considerably.

The fundamental principles underlying the Public Service Act are—

- (a) The elimination of influence ;
- (b) The affording of equal opportunities for advancement, and providing for promotion not by seniority, but by merit and fitness ;
- (c) The institution of a classification scheme ; and
- (d) The promotion of efficient and economical administration.

In regard to (a)—the elimination of influence—the Royal Commission which was set up in 1912, and upon whose report the Public Service Act was largely based, stated that one of the first duties of the new form of control should be to block all “back doors” of entrance to the Public Service. The Commission considered that the characteristics of the Service should be—

- (1) Entry by competitive examination ;
- (2) Probation before final admission ;
- (3) Security of tenure during good behaviour after admission ;
- (4) Promotion by merit ; and
- (5) Pensions on retirement.

The wisdom of this recommendation is exemplified in the efficiency of the Service to-day. In contrast to the well-ordered scheme of control of the New Zealand Public Service is the state of affairs in Newfoundland as found by the Newfoundland Royal Commission in 1933. The Commission in its report stated :—

“The Civil Service of Newfoundland exists only in name. In place of an organized Service recruited by examination or otherwise under established regulations there is a collection of individuals who for the most part owe their positions to political influence. There is no cohesion and no *esprit de corps*. Little regard is paid to the qualifications of candidates for particular posts. . . . The spoils system is in force, and it has been the practice for the party returned to power at a general election to find places in Government employment not merely for their political supporters, but also for their friends and relations.

“In addition, the Civil Service is handicapped by the arrangement under which appointments are distributed as evenly as possible among the various denominations ; in an individual Department, members of one religion or another are often by tradition the predominant factor in it, and, in the case of new appointments, efficiency is liable to be sacrificed in order that a person of a certain denomination may be appointed.

“The influence of these considerations has been such that good work has been placed at a discount. Impartial administration is difficult ; and even where men may have endeavoured to do their best for the country in spite of the obstacles confronting them, they have too often found their recommendations set aside or ignored on account of political or denominational considerations. Persistence in a course of action likely to arouse the opposition of those who have friends at Court would at best be foolhardy and at worst suicidal.

“In the result, apart from very few individual exceptions, the Civil servant is apt to be subservient to the politicians, is afraid of assuming responsibility for fear of offending them, has a tenure of office which is liable to be uncertain, and is generally lacking in efficiency.

* * * * *

“The last point we wish to make is that the defects to which we have referred make the average Civil servant little qualified to play a part in the control of expenditure. In a normal Civil Service it is to be expected that the officials in a given Department will check and prune very carefully any proposals for expenditure which it may have to meet before submitting them to the Treasury. This is not done in Newfoundland. Moreover, the Departments are apt to make exaggerated cases, whether at the instance of a politician or otherwise, for increases in salary, special allowances or special pensions, for the benefit of favoured individuals. The Controller of the Treasury can rarely rely on the proper co-operation of Departments in checking and curtailing expenditure ; and it is necessary for him to assume a greater responsibility in supervising the detailed work of the Departments in this respect than should normally be required.”

* * * * *

The most obvious conclusion to be drawn from this report is the grave danger which any country runs when its administration is mainly carried out by Ministers without assistance from a highly-trained and authoritative Civil Service.

EFFICIENCY OF THE SERVICE.

I am pleased again to report that the general standard of efficiency throughout the Public Service has been well maintained, and it is pleasing to be able to place on record the able manner in which the Service as a whole has met the demands that have been made upon it, notwithstanding the abnormal conditions which at present exist. Praise is due to Permanent Heads, controlling officers, and their staffs alike for such a satisfactory result.

ORGANIZATION AND MANAGEMENT.

The duties of the Public Service Commissioner are not confined to such matters as the appointment of staff, the classification of officers, and the general oversight over staff conditions. Reference to section 12 of the Public Service Act will show that he has other duties of far reaching importance. This section requires the Commissioner to investigate the efficiency, economy, and general working of each Department both separately and in its relation to other Departments. Matters brought under review are as follows:—

- Improved organization and procedure ;
- Simplification of work and introduction of mechanical appliances ;
- Co-ordination of work ;
- Limitation of staffs to actual requirements ;
- Utilization of staff to best advantage ;
- Improvement in training of officers ; and
- Institution of standard practice and uniform instructions for carrying out recurring work.

For all practical purposes all Departments under the Public Service Act may be regarded as one large Department under the general control of the Public Service Commissioner, who is responsible for—

- (a) The general scheme of organization under which the staffs are required to do their work ;
- (b) The character of the personnel employed ; and
- (c) The methods of accounting and the office systems or business methods employed.

In these matters the Public Service Commissioner works in close co-operation with the Treasury and the Controller and Auditor-General. By these means is secured the “general oversight of the Civil Service in order that its strength and its component parts may be most effectively employed,” referred to in the Fourth Report of the Royal Commission on the Civil Service in Great Britain in 1914 as being one of the most important factors in a well-organized and efficient Service.

DELEGATION OF AUTHORITY.

The delegation of legislative powers by Order in Council is one that vitally affects the Public Service. Not only in New Zealand, but also in Great Britain, there has been considerable criticism of such action by the Legislature in the exercise of its administrative duties. Leaving aside the fact that such delegation is a consequence of developments in the constitutional organization, particularly during the past half century, it is to be pointed out that most of those who voice the criticism overlook the fact that the growth in volume of delegated legislation has become necessary owing to increased demands for new and detailed legislation. These demands have arisen not from the Public Service, but from the people themselves. These demands call for the regulation by Government of private activities of varying kinds and in different degree, implying the need for legislative control with more or less administrative supervision by officers or quasi-officers of the Public Service in connection with a gradually increasing number of industries, trades, and commercial undertakings. It is clear that critics do not appear to be alive to the evolutionary change in public administration which has been imperceptibly brought about by the

growing dependence of the public itself, and, in particular, of defined classes and sections of that public, upon legislative protection and supervisory control of matters which in former times were considered capable of protection from within the ranks of private activities themselves.

Misunderstanding is caused by remarks made sometimes in our Courts, when application to some new set of facts of a regulation or Order in Council is placed before the Judiciary for consideration. Then, and in most cases without justification, the cry is carelessly raised in public that the liberty of the subject is in danger by reason of the delegation to the officers of the Public Service of powers which should be vested in the Legislature itself. It is overlooked that the primary function of Parliament is the safeguarding of that liberty, that Parliament of itself is incapable of performing the now innumerable administrative functions by which such safeguards as it imposes can best be made secure ; for it is clear that liberty can best be secured, not by the curtailment of control, but by its extension.

The conditions of modern society have crowded upon Parliament, and, what is no less important, upon the members of Government and Cabinet itself, far more work than either of them can be expected to perform with efficient consideration to detail. Neither body can devote the time to the working out of the administrative details by which the will of the Legislature is made capable of execution.

In England, prior to 1932, there were frequent complaints of the alleged unconstitutional abuses which had arisen by the delegation by Parliament of administrative and executive functions to officers of the Public Service. Quite an extensive literature had grown on the subject, and the attack by the present Lord Chief Justice of England (Lord Hewart) on the whole system of delegation was developed in an address to the American Bar Association in September, 1930, and subsequently in more extended form in his book, "The New Despotism," in which he trenchantly criticized the manner in which, in his opinion, the Government Departments in Great Britain had been encroaching on the provinces of the Legislature and the Judiciary. As a result of the storm of protest raised on the publication of Lord Hewart's disclosures, a Commission was set up to review the position generally. The terms of reference of the "Committee on Ministers' Powers," as the Commission was termed, were as follows :—

"To consider the powers exercised under the direction of (or by persons/bodies appointed specially by) Ministers of the Crown by way of (a) delegated legislation, and (b) judicial or quasi-judicial decision, and to report what safeguards are necessary to secure the constitutional principles of the sovereignty of Parliament and the supremacy of the law."

The criticism in Lord Hewart's admission attempted to show that the Civil Service had attempted "to cajole, to coerce, and to use Parliament" ("The New Despotism," page 17). The Committee at the outset removed the foundation of Lord Hewart's case by acquitting the Civil Service of any such sinister motives. Even the Lord Chief Justice could not, in his book, give any examples of abuse of powers by Civil servants. He simply attacked the system of delegated legislation itself. But the Committee's report pointed out that delegated legislation is the inevitable consequence of the adoption of collectivist ideals by Parliament, whatever party may have been in power during the last sixty years.

The Committee expressed the opinion that the Legislature had not the time to discuss minor or technical details : a local example is the Electrical Wiremen's Regulations, which, with their mass of technical diagrams and details, fill a reasonably-sized volume in themselves, and are wholly unsuited to inclusion in statute form. New conditions have enormously increased the amount of legislation necessary for consideration during the time available to Parliament. The Committee stated Parliament has not the ability to discuss details of the nature indicated because the character of the legislation has changed, while Parliament has not developed any such technique of consultation with experts as would enable it to deal adequately with technical subjects, with which such new legislation in the main is concerned.

It was found that delegated legislation is inevitable under the present Parliamentary system and, further, it was stated it would be futile for Parliament to work out the details of legislative changes. The Committee said that such details—

“ may closely affect the rights and property of the subject and even personal liberty. . . . There is at present no effective machinery for Parliamentary control over the many regulations that are made every year by Ministers in pursuance of their statutory powers, and the consequence is that much of the most important legislation is not really considered by Parliament.”

Nevertheless, the Committee absolved Ministers from the desire of obtaining by Order in Council arbitrary power for themselves and their Departments, and it considered that, in general, substantial justice was done.

From a perusal of the report of the Committee, the decision is arrived at that it is easy to criticize the growth of delegated legislative authority, not only at Home, but in this country. The critics, however, are confounded when asked to devise a remedy for the situation they condemn.

The increased legislation by regulation necessarily implies increased responsibility on administrative officials, whether in the Public Service or under quasi-Public Service control.

The Public Service can find some satisfaction in the memorandum which was tendered in evidence by the representative of one of the greatest industries in Great Britain to the Committee wherein it was stated with that fine economy of phrase to which the public official has become accustomed, that

“ on the whole, departmental control through regulations has worked as well as could be expected, and that, on the other hand, where Parliament has been specific, harm has sometimes been done by rigidity.”

The more social and industrial legislation increases, the greater will be the growth of administrative responsibility with consequent reliance on the Public Service to execute the legislative will. Since uniformity of enforcement of regulations is required of the Public Service, it asks that Parliament's desires in that detailed form be framed in such clear and easily understood language that will afford ready guidance and direction for the officers of that Service, whose duty it is to execute faithfully the intentions of the Legislature, which is the supreme authority in the community and the instrument by which that community's will is translated into administrative action.

PUBLIC SERVICE SUPERANNUATION FUND.

In my last report I referred to the unsatisfactory state of the Public Service Superannuation Fund, which in the near future will not be able to meet its obligations unless some improvement is effected. The other State Superannuation Funds (*i.e.*, Teachers' and Railways) are also insolvent and, as pointed out by the National Expenditure Commission, certain drastic alterations involving sacrifice alike by the Government and the Service are necessary if the stability of the funds is to be secured. A sound pension scheme is essential in any well-ordered service, and a Bill was introduced during the 1932 session of Parliament in which provision was made to give effect to the recommendations of the National Expenditure Commission. It, however, was not proceeded with, partly because contributors and annuitants were somewhat reluctant to agree to the proposals. It was arranged that representatives of the various Service organizations should meet and discuss the matter, but no constructive proposals of any value were adopted by the Conference. As an alternative to the proposals in the Bill, the Government is now considering the following :—

- (1) The Government to accept direct responsibility for payment of all retiring-allowances due :
- (2) The existing funds, which amount in the total to £5,144,000, to be held intact as a reserve fund, the interest thereon being applied towards meeting retiring-allowances of each class. The accumulated funds to be held in trust by the Public Trustee, but not to be further increased :

- (3) An absolute statutory right to retiring-allowances to be conferred on Government employees, provision being made for payment thereof without further appropriation :
- (4) The control and administration of the existing funds to be unified under one authority.

It is stated, however, that before the legislation is introduced, opportunity will be afforded to those affected to make representations.

As the ultimate pension bill for the whole of the State Services may be expected to be not less than £2,000,000 per annum, I consider it necessary to sound a note of warning as to the danger of departing from the fundamental principles of any contributory pension scheme. As far as I am aware, all contributory schemes are based on the accumulation of capital funds from which the deferred liabilities are met as they emerge. It is only in non-contributory schemes that no attempt is made to capitalize future liabilities.

The present proposal will, undoubtedly, involve the Government in rapidly increasing expenditure. The present State subsidy to the three funds is £427,000 per annum (inclusive of special subsidies to widows and orphans, and to offset the reduction in interest due to the National Expenditure Adjustment Act, 1932), and it is proposed to discontinue this payment. The cost to the State of the new proposal will commence at £627,000 per annum, but will ultimately rise on the present basis to an amount in the neighbourhood of £1,500,000 per annum. This is a large annual payment, and I am afraid that if there were any financial stringency the Government of the day might deem it necessary or expedient to seriously curtail pensions.

If the employee makes no contributions he is not entitled to any voice in the method by which payment of his pension is secured, but where he does make regular contributions he will naturally prefer that they should go to a fund in regard to which he has some say as to its administration.

The Service is very perturbed about the whole superannuation question, and I think the last thing to which it would agree would be any proposal by which it lost control of its own funds.

It is admitted on all sides that some of the provisions of the various superannuation schemes are too generous—*e.g.*, options as regards early retirement, &c.—and no exception would be taken to any necessary tightening-up in this direction. The main objection to the Bill raised by the annuitants and others was the moral breach of faith or contract involved. This objection should not be insurmountable, and it is hoped that the representatives of the Services will give further consideration to this question as it is in their own interests to have stable Superannuation Funds.

FURLOUGH.

The provisions of the Public Service Regulations are liberal in the matter of furlough. It is provided—

“The Commissioner may grant to any officer of at least ten years’ continuous service twelve months’ leave of absence, and to any officer of less than ten years’ continuous service any time not exceeding six months’ leave of absence, in each case on half-salary. Any annual increment becoming due during such absence shall not be payable until the officer resumes duty ; but, when he resumes, the increment shall commence and be payable as from the date of the resumption and shall be added to his salary, and the next increment shall be payable one year after the date on which the preceding increment would have become due if no leave of absence had been granted.”

In view of financial conditions, furlough privileges have been curtailed for some years. It is only on special conditions that this privilege is granted, and it is granted in few cases only. I am of opinion it would be of advantage to extend gradually the existing privileges to certain of our younger officers provided they were obtaining the privilege for the purpose of improving their knowledge in connection with the work in which they are engaged, and subject to the condition that they remained in the Service for at least five years after their return to duty.

LEAVE OF ABSENCE FOR EDUCATIONAL AND TRAINING PURPOSES.

During the year the following officers were granted leave of absence to enable them to proceed abroad for educational and training purposes:—

- F. A. Denz, M.Sc., Clerk, Chemical Laboratory, Agriculture Department, Wellington :
To further studies at Rowett Institute, Aberdeen.
- Miss E. M. Mason, M.Sc., Laboratory Assistant, Agriculture Department, Wellington :
To further studies in agricultural research in England.
- C. R. H. Taylor, M.A., Dip. Journalism, Clerk, Turnbull Library, Internal Affairs Department, Wellington : To take up Carnegie Library Fellowship and to study library methods abroad.
- C. W. O. Turner, B.Sc., Assistant Designing Engineer, Public Works Department, Wellington :
To take up Commonwealth Fund Service Fellowship and to study structural engineering abroad.
- P. H. Sykes, M.Sc., Clerk, Chemical Laboratory, Agriculture Department, Wellington :
To investigate various matters under direction of Scientific Liaison Officer in London.
- W. A. Joiner, M.Sc., A.I.C., Analyst, Scientific and Industrial Research Department, Wellington : To visit England to investigate fuel-utilization matters.

PUBLIC SERVICE BOARD OF APPEAL.

In accordance with the provisions of the Public Service Act, 1912, and its amendments, an election by ballot for two representatives of the Public Service to act on the Public Service Board of Appeal was held in May, 1934. Three nominations were received, the result being that Messrs. J. H. McKay and A. S. Houston were elected to the Board. The sitting members, Messrs. C. de R. Andrews and T. Pound, did not stand for re-election. Mr. A. S. Houston has previously served on the Board.

The following is a summary of appeals dealt with during the period 1st April, 1933, to 31st March, 1934:—

Decisions recorded.					Classification.	Non- appointment.	Dismissal.	Total.
Allowed	..	..	..	..	..	2	..	2
Not allowed	..	..	..	..	1	28	1	30
Do not lie	..	..	..	..	..	4	..	4
Withdrawn	..	..	..	..	..	12	1	13
					1	46	2	49

It is significant that the number of appeals upheld by the Board has on the whole been relatively small. This is as it should be in a well-regulated Service. Promotions are not made in a haphazard method, but only after very careful consideration of the merits of the applicants for promotion. It is stated on the other hand that the system of appeal is not efficient in that only a small number of appeals are allowed. I feel sure, however, that the real reason lies in the fact that not only is the Commissioner solicitous to appoint the applicant best qualified by "merit," but also that Departmental Heads realize that the old idea of promotion by seniority has been abandoned, and they have considerably assisted the Commissioner with a view of selecting the best qualified applicant, and have had the courage of their convictions in stating their views and the reasons for these views before the Appeal Board.

ADMINISTRATIVE DIVISION.

The Administrative Division consists principally of those officers known as Permanent Heads as distinct from Ministerial Heads in charge of the various Departments of State.

In the cases of officers of the other Divisions of the Service—Professional, Clerical, Educational, and General—statutory provision is made for fixed scales of salaries. These scales of salaries are presumed to be reviewed at, say, five-yearly periods, and the officers concerned are each personally entitled to a review of the salary fixed for the position held at the grading period.

In the case of officers of the Administrative Division, the provisions of the statute require the amount of salary in each case to be appropriated and voted by

Parliament. This is done at the presentation of the Estimates to Parliament. There is no regular method by which an administrative officer can obtain a review of his salary other than by application to the Minister in Charge for consideration when the Estimates are being framed. As practically no increases in the salaries of higher-paid officers have been paid for some years, certain definite cases of hardship have arisen. In the cases of officers who were appointed at a minimum salary on the assumption they would proceed to the maximum paid to their predecessor in office this hardship is accentuated. The annual increments of salary which might reasonably have been expected have not been granted, they have been subjected to the salary reductions in common with other officers, and they are in some cases receiving less remuneration for important administrative positions than paid to other administrative officers carrying out less important duties. When it is realized that the Permanent Heads of some of the large and important Departments of State are receiving less by way of salary than the superannuation annuity of their predecessors, I feel sure it will be evident that the matter calls for adjustment.

I have pointed out in previous reports that there should be a definite grading of administrative positions, due regard of course being taken of the duties, importance, and responsibilities of the positions. Were this done, an administrative officer should proceed from the minimum to the maximum salary fixed for his position. Notwithstanding reductions in salaries, as effected by the various Adjustment Acts, no action was taken to withhold the scale increments of salaries to other officers. The same condition should apply in respect of the officers of the Administrative Division.

In an earlier report dealing with salaries I stated :—

“A comparison of the salaries paid to officers occupying administrative positions with those paid to persons in managerial positions in outside firms and institutions, having in many cases considerably less responsibility and less intricate problems to deal with, shows that the salaries paid to the higher administrative officers in the Service are relatively low.”

Notwithstanding that it must be recognized that there have been drastic reductions and reorganization in outside business concerns, this statement remains true. One has only to analyse the payments made to executive and professional employees of local bodies, quasi-Government concerns, control boards, &c., to realize that the salaries of similar officers in the Service compare unfavourably. On the whole, I am certain that this position is recognized as inevitable at present. However, it would be a small measure of justice if the adjustment I referred to earlier were given effect to.

GENERAL QUINQUENNIAL REGRADING.

The general quinquennial regrading of officers of the Public Service was due in the ordinary course as at the 1st April, 1934.

The regrading was delayed last year on account of the economic conditions which appeared to render it difficult to establish values likely to remain reasonably constant over a further period of years.

The only practicable course, it was felt, was to postpone the regrading, as was done during the war period, when the 1918 general regrading was postponed until 1919.

The provision was made last session—that is in 1933—under section 27 of the Finance Act (No. 2), postponing the general regrading until a date to be fixed by the Governor-General by Order in Council. The provision reads as follows :—

“(1) The Governor-General may by Order in Council fix a date on which the first general regrading of officers employed in the Public Service, the Post and Telegraph Department, or the Department constituted under the Government Railways Act, 1926, shall be made after the passing of this Act, and may by the same or a subsequent Order in Council fix the date on which the several regratings shall take effect. Such last-mentioned date may be the date fixed for the making of the several regratings, or may be a date earlier or later than that date.

“(2) Every Order in Council under this section shall take effect according to its tenor, anything to the contrary in any other Act notwithstanding.”

A “regrading” always means an increase in expenditure. All branches of the Service look to a betterment of their salaries.

The question of determining the date from which the next regrading is to take effect has been receiving consideration, but the time does not yet appear opportune to come to a decision in the matter.

As Government has decided, according to the policy set forth in the Budget, to make an increase of 5 per cent. to all Public servants, the question of regrading should stand over meantime.

There is ample provision in the existing legislation to meet the cases of individual officers for regrading whose duties and responsibilities have "materially increased."

It is considered that no general regrading can be considered until Government feels it is in the position to fully restore the "salary cuts." It is felt this is all that is hoped for by the Services themselves.

INSTITUTE OF PUBLIC ADMINISTRATION.

Some six or seven years ago I was approached by a representative of the Institute of Public Administration in London with a view to forming a branch of that Society in New Zealand. At that time, and for some considerable time thereafter, I felt that the proposal had many points which would commend themselves to our Service in New Zealand. I still think so, but possibly not so enthusiastically as I did at the first in that I now realize that, owing to our comparatively small number of executive heads and officers, it would be difficult to form a society similar to the Society of Public Administration in London and on the same lines as that society follows in the Old Country.

When it is considered that the institute in England now consists of a membership of less than 2,000 one realizes there is little prospect of forming an institute on similar lines in New Zealand. I had hoped that when the senior officers of the various State Services formed a Civil Service Institute that this would form the basis of a branch society in New Zealand of the Institute of Public Administration. I consider we are too small in numbers to set up a similar society, but I feel that it would be advantageous for our chief executive officers to become members of the society. They would thus be enabled to keep in touch with the various problems that are dealt with in the Old Land and discussed by members of the institute.

In New Zealand I think it would be more desirable and more efficacious if the various units of our own Public Service in the principal centres of the Dominion got together for the purpose of discussing or studying the various matters affecting the Public Service in New Zealand. It would be an all-round benefit if there were a collaboration of ideas and a frank and free discussion of the problems which affect them as officers of different Departments.

A review of the work of the society shows that even in England difficulties have been experienced. I can do no better than refer to an extract of a critical survey by Sir Henry Bunbury, K.C.B., in 1933, on that particular Institute:—

"If I may try to express what was in their minds I would put it in some such terms as these. We are at the end of an epoch and are entering into a strange and difficult phase. New problems in government will confront us; situations novel or long unknown will have to be dealt with. Governments will be compelled, whether they desire it or not, to intervene in matters from which their predecessors held themselves free and with which they regarded themselves as unconcerned. There will be a need, on the one hand, for preparation, for thinking ahead, and, on the other, for the highest executive efficiency of which the Public Services are capable. Let the thinking men in those services get together and prepare themselves for the demands which in our judgment are going to be made upon them. Let the habit of co-ordination be developed below the Cabinet level, and at the thinking stage not simply at the stage when immediate action becomes necessary."

That is the problem which faces us to-day. I feel that our Service is fully competent to undertake the duties which are likely to be cast upon it. The Service, however, cannot stand still. It must move with the times and we must have officers who are fully qualified to step into any vacant position that arises.

It is pleasing to note that Public Administration Societies have been formed in Wellington and in Christchurch, the objects of which are:—

- (a) To study public administration generally, including efficient departmental management; the official relations of the Departments and their officers with the public; and other subjects tending to promote general efficiency:
- (b) To collect and disseminate knowledge and information relating to the matters enumerated in (a):
- (c) Generally, in any manner to promote and encourage the study of the subjects mentioned in (a):
- (d) To collaborate or affiliate with any other person, society, or body in the study of similar or cognate subjects.

Any movement which has for its object the improvement of the public administration generally of this country is likely to be of benefit to the Government and the people.

APPOINTMENTS TO CADETSHIPS.

As a measure of economy, the Public Service Entrance Examination for Cadetships was discontinued in 1932 and the University Entrance Examination has taken its place. Preference, however, is given to candidates with higher educational qualifications. After consultation with the Director of Education, it was decided that the order of merit list should be arranged on the following basis :—

- (a) First on the list : Those with a portion of a Degree or a pass in two or more subjects of the Law Professional or Accountants' Professional Examination according to the number of subjects in which they have passed :
- (b) Second on the list : Those passing the University Entrance Scholarship Examination with credit :
- (c) Third on the list : Those with higher-leaving certificates :
- (d) Fourth on the list : Those who have passed the University Entrance Examination.

The order of merit is arranged according to the marks obtained.

As a result of the policy of rigid economy the number of appointments to cadetships during the past few years has been considerably less than in normal years. In 1931 no appointments were made ; in 1932 only two were appointed ; in 1933, 137 were appointed ; while this year to date 176 have been appointed.

LEGISLATION AFFECTING THE PUBLIC SERVICE.

Finance Act (No. 2), 1933.

Section 27 contains special power for the alteration of the date of the general regrading of the Public Service.

Section 54 provides for the payment of a fee of 10s. 6d. in respect of every appeal other than an appeal against dismissal lodged against any decision of the Commissioner.

Section 55 contains special provision for the transfer of an officer employed in the Samoan or Cook Islands Public Services to any position in the New Zealand Public Service.

Finance Act (No. 2), 1934.

This section makes provision for the rate of salary or wages of State employees being increased by 5 per cent. as from the 31st March, 1934.

ADMINISTRATIVE CHANGES.

Since the last report was issued the following Administrative changes have taken place :—

- Mines Department : Mr. A. H. Kimbell retired on 30th November, 1933, and was succeeded by Mr. A. Tyndall, A.M.I.C.E.
- Native Department : Mr. P. G. Pearce assumed the duties of Under-Secretary and Native Trustee on 28th November, 1933, *vice* Judge R. N. Jones, C.B.E.
- Public Trust Department : Mr. E. O. Hales, formerly Superintendent, State Advances Department, was appointed Public Trustee on 1st October, 1934, *vice* the late Mr. J. W. Macdonald, C.M.G.
- Valuation Department : Mr. T. Brook retired from the position of Valuer-General on 30th June, 1934. He was succeeded by Mr. W. Stewart, who was previously Commissioner of Crown Lands and Chief Surveyor at Christchurch.

DEPARTMENTAL OFFICERS ON DUTY ABROAD.

During the year the following officers proceeded abroad for the purposes named :—

- Campbell, J. A., Director, Horticulture Division, Agriculture Department, Wellington : To investigate and report upon various matters relating to the marketing of New Zealand apples and pears in the United States, and also marketing problems in the United Kingdom.
- Cunningham, Dr. G. H., Mycologist, Agriculture Department, Palmerston North : To visit Australia to discuss plant quarantine matters with Commonwealth officers.
- Neill, J. C., Field Mycologist, Agriculture Department, Palmerston North : To visit Great Britain to complete investigations on fungi causing deterioration of New Zealand fruits, meats, butter, and cheese, and also to attend the Third Imperial Mycological Conference.
- Sutherland, R., Cool Storage Officer, Agriculture Department, Wellington : To investigate Cook Island orange industry.
- Clinkard, G. W., General Manager, Industries and Commerce, Tourist, and Publicity Department : To visit Australia on departmental business.

Gray, Dr. T. G., Director-General, Mental Hospitals Department : To visit England for the purpose of selecting medical officers for duty in New Zealand.
 Jerram, J. H., General Manager, State Fire Insurance Department, Wellington : To proceed to London via Canada and United States of America *re* insurance matters.
 Park, A. D., Secretary, Treasury Department : To visit Australia in connection with the Companies (Special Investigation) Act, 1934.
 Watt, Dr. M. H., Director-General, Health Department : To visit Samoa and Fiji in connection with medical and nursing services.

CONFERENCES.

Conferences of officers as set out below were held during the year :—

Department.	Nature of Conference.
Agriculture ..	Fields Superintendents : To discuss general matters relating to the Fields Division. Veterinarians : To discuss general matters relating to veterinary service of the Department.
Education ..	Senior Inspectors of Schools : To discuss departmental matters.
Health ..	Medical Officers of Health, together with representatives of the Education and Native Departments : To discuss the welfare of the Maori.
Lands and Survey ..	Commissioners of Crown Lands : To discuss position of Crown tenants and mortgagors engaged in dairying, and to determine a uniform policy for dealing with their problems.
Public Trust ..	Regional Conference of Co-operative Rural Credit Associations operating in the districts north of Auckland. District Supervisors : Matters of policy and procedure relative to the operations of the Rural Intermediate Credit scheme. District Public Trustees and senior officers at Head Office : Extension of delegated powers to District Public Trustees.

DEPARTMENTAL OFFICERS ON LOAN WITH OTHER ADMINISTRATIONS.

The following officers of the New Zealand Public Service are on duty with the Administrations named :—

Administration.	Name.	Department from which loaned.
High Commissioner's Office (including officers on duty in England but not attached to High Commissioner's Office)	Wright, W. ..	Agriculture.
	Taylor, F. H. ..	"
	Were, G. V. ..	"
	Rutherford, J. P. ..	Audit.
	McLachlan, A. P. ..	"
	Lawrence, F. W. ..	Customs.
	Mitchell, T. ..	"
	Lishman, G. D. ..	Industries and Commerce, Tourist, and Publicity.
	Mitchinson, Miss E. ..	Internal Affairs.
	Jervis, D. M. ..	"
	Sandford, F. T. ..	Labour.
	Wright, N. L. ..	Scientific and Industrial Research.
	Mackay, A. R. F. ..	Treasury.
	Barker, D. W. A. ..	"
Samoa (including officers on duty in Samoa but not attached to Administration)	Peddie, J. J. G. ..	Agriculture.
	Gair, C. J. M. ..	Audit.
	Nicol, R. S. ..	"
	Roberts, W. H. ..	"
	Boyd, G. B. ..	Customs.
	McKay, C. G. R. ..	External Affairs.
	Quin, C. E. H. ..	"
	Turnbull, A. C. ..	Internal Affairs.
	Norrie, J. A. ..	"
	White, A. R. ..	Lands and Survey.
	Bridle, A. C. ..	"
	Gratton, F. J. H. ..	Public Trust.
	Sapsford, H. B. ..	Public Works.
	Wadsworth, J. ..	Scientific and Industrial Research.
Cook Islands	Crowther, W. J. ..	Treasury.
	Nottage, I. L. ..	Agriculture.
	Wright, J. B. ..	Cook Islands.
	Cook, L. M. ..	"
	McMahon-Box, J. P. ..	Customs.
	Bell, M. V. ..	Native.
Secretariat to League of Nations	Luckham, A. A. ..	Prisons.
	Chapman, J. H. ..	Customs.
Fiji	Lindsay, Miss G. ..	Internal Affairs.

STAFF STATISTICS.

The following return shows the number of permanent officers and the total annual salaries payable as at 1st April, 1930, and as at the 1st April, 1934. Omitting the Mental Hospitals Department, where the staff has increased owing to (a) the increase in the number of patients, and (b) the improvement in the standard of treatment of patients in conformity with the development of humanitarian methods involving closer personal attention to the patients, it will be noticed that during the period under review the number of persons employed has decreased by 529, and the total annual salaries by £431,066, or, after allowing for the 5-per-cent. increase recently authorized by the Finance Act (No. 2), 1934, by £409,513.

Number of Officers and Total Annual Salaries as at 1st April, 1930, and as at 1st April, 1934.

Department.	As at 1st April, 1930.		As at 1st April, 1934.	
	Officers.	Total Annual Salaries.	Officers.	Total Annual Salaries.
		£		£
Agriculture	558	197,664	504	150,540
Audit	158	51,790	166	47,279
Cook Islands	..	..	4	1,069
Crown Law	6	3,925	5	2,991
Customs	310	101,695	303	83,499
Defence	47	12,290	30	7,088
Education	297	110,164	254	76,402
External Affairs	6	1,810	4	980
Government Insurance	107	33,765	102	27,958
Health	453	119,443	382	91,748
Immigration	10	3,160	..	..
Industries and Commerce	10	4,140	160	38,895
Internal Affairs	379	103,357	268	61,114
Justice	270	76,790	300	75,267
Labour	102	31,450	94	25,020
Land and Deeds	131	39,425	123	33,592
Land and Income Tax	159	42,310	175	41,456
Lands and Survey	627	187,140	569	150,817
Marine	189	66,654	161	47,535
Mental Hospitals	945	218,125	1,089	205,865
Mines	53	17,870	48	13,886
National Provident	35	9,285	30	7,218
Native	74	22,815	116	28,715
Native Trust	28	8,720	..	..
Pensions	107	27,000	103	23,581
Police	6	2,045	6	1,757
Prime Minister's	1	825	1	649
Printing and Stationery	305	87,575	233	55,951
Prisons	243	68,645	234	55,657
Public Service Commissioner's	8	3,370	8	2,435
Public Service Superannuation	9	2,450	9	1,915
Public Trust	646	197,700	666	175,366
Public Works	758	246,354	636	182,444
Scientific and Industrial Research	53	20,890	59	19,285
Stamp Duties	76	22,435	71	18,523
State Advances	97	24,700	105	24,050
State Fire Insurance	136	38,810	132	33,892
State Forest	123	39,685	100	27,344
Tourist	103	26,789	..	..
Transport	7	2,945	10	2,957
Treasury	88	26,200	85	21,952
Valuation	83	30,320	73	22,887
	7,803	2,332,527	7,418	1,889,201
Plus 5 per cent. in terms of Finance Act (No. 2), 1934	..	..	..	94,460
	7,803	2,332,527	7,418	1,983,661

(Fractions of £1 are not taken into consideration in totals.)

NOTE.—The following staff changes have been given effect to during the period under review :—

Cook Islands became a separate Department (previously shown with External Affairs Department).

Tourist Department merged with Industries and Commerce Department.

Census and Statistics Branch transferred from Internal Affairs Department to Industries and Commerce Department.

Office of Registrar-General transferred from Internal Affairs Department to Justice Department.

Immigration Department merged with Labour Department.

Native Trust Department merged with the Native Department.

OFFENCES BY OFFICERS.

Offences and irregularities by officers are dealt with in accordance with the provisions of sections 12 and 13 of the Public Service Amendment Act, 1927.

The principal classes of cases dealt with and the decisions arrived at are as follows :—

Misappropriations (3) : Forfeited office.

Irregularities (5) : Surcharged (3) ; forfeited office (1) ; charge not proved (1).

Unsatisfactory work (9) : Services terminated (3) ; fined (1) ; resignation asked for (1) ; disrated (2) ; transferred (2).

Unsatisfactory conduct (11) : Reprimanded (6) ; censured and transferred (1) ; salary reduced (1) ; disrated (1) ; resignation asked for (1) ; appointment annulled (1).

SUGGESTIONS FOR IMPROVEMENT.

Although Public Service Regulation 17 is a standing invitation to officers to forward for the consideration of the Commissioner any suggestions for improved or more economical methods of work in the Service, surprisingly few suggestions of any real value are received. The following received during the past year are deserving of mention :—

Name.	Department.	Suggestion.
Purkis, R. W. Wilkinson, R. N.	Printing and Stationery	{ Alteration in working methods enabling <i>School Journal</i> to be produced more economically and expeditiously.
Worthington, E. W. ..		
Ormandy, A. E. ..	Land and Deeds ..	Introduction of schedule to facilitate assessment of fees for use in District Offices.
Woodford, A. J. C. ..	Audit	Outlining scheme to assist in relieving unemployment.
Baker, J. V. T. ..	Census and Statistics Office	Local manufacture of cyclostyle ink.
	State Advances Office	Form of ready-reckoner to facilitate calculation of rents, &c.

PUBLIC SERVICE EXAMINATIONS FOR SHORTHAND-TYPISTS.

The usual examinations for shorthand-typists were held in November and December of last year.

The Junior and Senior Entrance Examinations were held in thirty centres and there were 977 entries, an increase of 45 over the previous year. Six hundred and thirty-one candidates were successful in passing the examinations, 337 failed, and 9 did not present themselves.

These examinations are competitive. An order-of-merit list of the successful candidates is prepared for each examining centre, and appointments to the Service are, as far as possible, made from the local pass-list, candidates who have passed the Senior Examination being given preference.

The Junior Examination requires a speed of eighty words a minute in shorthand and thirty words a minute in typewriting, while the Senior speeds are 110 words a minute in shorthand and forty words a minute in typewriting.

The Intermediate and Special Examinations are held in the four chief centres. For these there were 86 entries; 21 of the candidates were successful, 62 failed, and 3 did not present themselves.

The requirements of the Intermediate Examination are 130 words a minute in shorthand and fifty words a minute in typewriting, and of the Special Examination 150 words a minute in shorthand and fifty words a minute in typewriting.

Two candidates presented themselves for the Shorthand Reporters' Examination, one of which was successful. The Reporters' Examination requires a speed of 150 to 180 words a minute in shorthand with not more than 1 per cent. of error in transcription.

The latter three examinations are used for promotion purposes.

STATISTICAL TABLES.

It is customary to include as Appendices of the annual report certain statistical tables showing the summarized classifications of Departments and a comparison with the previous year's salaries. The statistical data for the tables is largely dependent upon the figures in the Classification List. As, however, it is desired to complete the List with the amended salaries it has not been possible to include the summaries. They will, however, be included in next year's report.

CONCLUSION.

In the early part of the financial year, acting upon medical advice, it was necessary for me to take extended leave. During my absence of approximately three months Mr. A. D. Thomson, previously Assistant Public Service Commissioner, ably carried out the duties of Public Service Commissioner.

I desire again to express my appreciation of the loyal support accorded me by Permanent Heads and by officers throughout the Service, and especially to the members of my own staff for their loyal and devoted assistance.

All of which is respectfully submitted for Your Excellency's gracious consideration

P. VERSCHAFFELT, Commissioner.

Office of the Public Service Commissioner,
Wellington, 30th October, 1934.

Approximate Cost of Paper.—Preparation, not given; printing (770 copies), £15.

By Authority: G. H. LONEY, Government Printer, Wellington.—1934.

Price 6d.]